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BUSINESS TRANSFORMATION

Managed Business Transformation to the Cloud

olive
always connected

The decision to move to the cloud is perhaps a given, but there is nervousness regarding how to get there, who to use and the speed at which you migrate from on-premise to cloud services. Understanding the steps, the timing and the challenges can be daunting and is a critical process.

Olive's cloud managed service has transformed the way in which thousands of its clients operate and collaborate. Olive has created a location independent single environment for collaborating, sharing information and servicing customers across digital and social platforms. Cloud offers access anywhere and this is being led by demand for "mobile first" access to workplace environments.

As a market leader in cloud convergence, Olive is enabling UK businesses to transform the way they operate

Olive's unique service foundation seamlessly bridges cloud, mobile and data networks and converging otherwise disparate communication services. This enables a set of user defined profiles allowing business users to consume the technology and business applications they need to operate efficiently, underpinned by a predictable and flexible inclusive price per user model. This pioneering approach removes complexity and duplication.

At the heart of what we do is Olive's Cloud Managed Service Platform (CMSP), an innovative "always on" service cloud. Olives CMSP has been designed to deliver significant performance improvements that enabling customers to consume the services they require and the migration from legacy to cloud based services is planned meticulously and managed closely by Olive.

Once you are connected to Olives CMSP you can take advantage of pre-connected infrastructure and cloud communication services that offer anywhere and mobile-first access.

Olive's specialist cloud services include:

Unified Communication as a Service - including voice, video, presence, chat and conferencing services with a range of endpoints to suit your business needs.

Cloud Contact Centre as a Service - highly available, market leading contact centre and capabilities

Connectivity - a fully resilient MPLS core which is inter-connected into all of the leading and technologies (Ethernet, EFM, DSL, FTTC, 3G/4G/Satellite). This gives much greater flexibility, reduces costs and reduces installation times.

Virtual Data Centre - Olives Infrastructure as a Service (IaaS) and cloud based virtual servers. Easy to use management tools allow customers to simply migrate their critical business applications to the cloud, choosing the resilience and storage you require and only paying for what you need.

Mobility - Olive continue to help the UKs leading business implement effective workforce mobilisation stra tegies to enhance communication and mirror desktop application convenience.

Visit olive.co.uk/transformation

BUSINESS TRANSFORMATION

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Google revamped its corporate structure in 2015 by creating a new holding company called Alphabet

Transformers shape future success

Standing still is not an option in an advanced digital world where technology is forcing the pace of business transformation

OVERVIEW
GIDEON SPANIER

It was Bill Gates who came up with one of the most memorable observations about the need for business transformation. "We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten," the Microsoft co-founder said. "Don't let yourself be lulled into inaction."

Microsoft may have lost some of its capacity for business reinvention in recent years, but many companies continue to look to the technology giants on America's West Coast for inspiration because of their ability to disrupt themselves and engage their workforce.

Apple used to make personal computers but, over the course of a decade, morphed into a manufacturer of iPod music listening devices, then iPhones and iPads, and now smartwatches.

Amazon began as a distributor of physical books, but has transformed itself multiple times into a retailer of electronics and homeware, a publisher of e-books, and a vendor of high-powered cloud-computing storage.

Facebook started out as a social network on desktop computers, pivoted to become a mobile-first company and made a string of transformative purchases, including Instagram, WhatsApp and Oculus Rift, which broadened its scale.

The most successful enterprises are those willing to harness the benefits of transformation, according to 86 per cent of business leaders surveyed by Google.

The internet search giant is leading by example. The company has had a long record of investing in experimental new technology, dubbed moonshots, such as driverless cars and virtual reality. But last year it made this pursuit of innovation a part of its corporate structure by creating a new holding company, called Alphabet, which runs Google separately from its moonshots, which it calls "other bets".

Business transformation is often costly and takes time. Few companies have the large, offshore cash piles that the tech giants have amassed, so they may feel they are not able to afford to take risks.

However, the pressure to change is mounting because the speed of the technology revolution is accelerating thanks to super-fast 4G mobile and broadband, even if Mr Gates' maxim about people overestimating the change in two years still holds true.

According to a survey by the accountancy firm PwC, 60 per cent of chief executives said they see more business opportunities now than they did three years ago, but almost three-quarters were concerned they lack the capability to take advantage of these opportunities.

The problem for "legacy" companies is often not about spotting the need for business transformation. Rather it is about having the strength to push through change when there could be multiple internal and external stakeholders that are wary or resistant, from shareholders to employees, from bank lenders to customers, from politicians to regulators.

British Airways foresaw the need to launch a low-cost airline, Go, to compete with the no-frills carriers in 1998. But BA's high existing cost base, unionised workforce and fear of cannibalising its own revenues were obstacles to making Go a success, and it was sold within two years, only for one of BA's cut-price competitors, easyJet, to buy it.

2/3
of companies said they were currently undergoing a business transformation initiative
Source: Gartner 2015

Food retailing has faced similar problems to travel as discounters such as Aldi and Lidl, as well as new tech-savvy entrants such as Ocado and Amazon, have disrupted the industry on two fronts.

The major UK supermarkets - Tesco, Sainsbury's, Asda and Morrisons - invested heavily in large, out-of-town stores that squeezed smaller retailers a decade ago, but then the "big four" got caught out when shoppers switched to the internet and returned to the high street to make smaller, more frequent purchases in "express" stores.

When a company is listed on the stock market, it means there are additional complications in business transformation because management needs to report quarterly trading figures, and the investor and media spotlight can be unforgiving, particularly if a company is struggling financially. In such circumstances, it can make more sense for private equity to turn around a business, away from prying eyes.

Yet, under the leadership of chief executive Adam Crozier, ITV has completed a largely successful five-year transformation while listed on the stock market. Britain's biggest commercial broadcaster by advertising revenue has diversified, by expanding its programme-making arm through a series of acquisitions. Profits have risen, the share price has jumped more than fourfold and ITV has joined the FTSE 100 Index.

Sometimes business transformation requires the breaking of corporate taboos. In his book *How Google Works*, which the company's long-serving chairman Eric Schmidt co-authored, he gives a series of tips to foster a startup culture. These include keep the workplace "crowded" so staff bump into each other, don't defer to the highest paid person's opinion, establish "a culture of yes" where people try things rather than just say no and bet on technical insights, not market research.

Mr Schmidt offers sage advice given Google's own track record as the business, which was founded in 1998, briefly overtook Apple to become the world's most valuable company earlier this year.

To return to Bill Gates' maxim, the only certainty about the next ten years is that every business will have to transform dramatically if it wants to thrive.

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Managing cultural change engages staff

Company culture is a cornerstone of business success as staff sign up to an agreed way of working, improving employee wellbeing and the bottom line, but change must be carefully managed

CULTURE
CHARLES ORTON-JONES

Employees in the breakout area of Google's offices in Dublin

Want to work at Google? Then you'll need a healthy dose of Googleyness. It is officially specified as one of the four qualities each recruit needs. An interview panel of four or five Googlers will examine you for Googleyness.

And what is it? The human resources team say they'll "be looking for signs around your comfort with ambiguity, your bias to action and your collaborative nature". The policy is regarded at Google as a key factor in the growth from startup to the world's most valuable corporation in 18 years.

Google is famous for its culture strategy. But there are many other terrific schemes to learn from. In fact, the corporate world is bursting with ingenious methods of boosting employee engagement, productivity and wellbeing by improving workplace culture.

HCL Technologies is a good example. It boasts a $1-billion net profit on $6 billion revenue, running datacentres and others services for bluechip clients. But HCL's management felt there was a problem. The company was too management-led.

The ideas came from the top. In order to grow and stay relevant in the IT industry HCL needed to harness the talents of all employees. The solution? HCL reinvented its company culture. It would champion what it called "ideapreneurship". At the heart of the transformation was a scheme called Make a Difference Jamboree, nicknamed Mad Jam. The goal was to promote ideas from employees.

With Mad Jam they present ideas to their bosses. Then the best ideas are put to a vote. The winners are implemented with a $250,000 fund. So far 1,500 staff members have contributed 647 ideas. A second programme is a company intranet called Value Portal. It offers another route for ideas to be reviewed by senior managers. So far 32,000 ideas have gone through Value Portal.

HCL attributes this emphasis on employee-led initiatives for keeping revenue growth above 20 per cent in recent years, as staff numbers have grown from 18,000 to 104,000. That's what a productive culture can do for you.

Transparency is a hot issue. Digital agency Futurice is one of the growing number of firms with total openness about everything. Chief executive Tuomas Syrjänen says: "At Futurice all employees have access to the company's financial information, information about projects – any information they may desire about the running of the company – pretty much everything. Most meetings that have a company-level impact are live tweeted in internal channels." And pay? "People can choose whether they want to be open about their pay. About 50 per cent choose so."

Sometimes you need a consultant to step in. When Cheapflights merged with Momondo, the management realised two different cultures would need to mesh. Chief executive Hugo Burge called in organisational health specialist Naked & Restless to refine the new culture.

Mr Burge explains: "Through a series of ongoing sessions, which involve getting comfortable with vulnerability, learning about each other's strengths and weaknesses, and evolving a set of ground rules for healthy conflict, we have been able to shape our group corporate purpose, align around group goals and build strong group functions, while also maintaining two compelling brands at our core."

A sense of autonomy is commonly cited as a vital ingredient in a happy workspace. Double-glazing and locks business Evander transformed its company workflow to give employees greater autonomy.

Robbie Fowle, Evander business improvement manager, recalls: "Previously, a job with Evander would have to go through up to six different teams from initial contact to job completion."

A new system, called Model Office, gave an employee ownership of each piece of work. Mr Fowle says: "With Model Office, the customer will only ever come into contact with two people – their job owner and the engineer."

The result? "We expected it would certainly improve productivity, but we didn't know how it would affect morale, job satisfaction and loyalty," he says. The life cycle of jobs has halved. Complaints are down 80 per cent. Compliments are up 400 per cent.

Mr Fowle concludes: "The increase in accountability and autonomy for job-owners has meant that everyone is taking greater pride in their work. The office has an extremely hard-working and productive feel to it. Everyone is working towards the same goal of providing the ultimate customer service and it really shows."

A vibrant company culture needs to strip out negativity. One source of annoyance is technology overload. Human resources consultancy Purple Cubed is one example of a business that's taking an aggressive approach by banning e-mail and phone calls by staff out of hours. The change was so controversial it took a trial by the chief executive to prove it would work.

Purple Cubed reports a number of dividends, including greater energy among employees when they return to the office, improved interaction between employees as they cover each other during absences, and customers not only approving, but some following suit.

Naturally, any new culture needs to be endorsed and adopted by the staff. Home food delivery mobile app EatFirst keeps the staff informed with weekly meetings. Every Monday afternoon there is a 45-minute briefing. Team members present new ideas and updates from their department. Then the whole company can brainstorm together.

Gonçalo Mendonça, head of EatFirst UK, says: "Since we introduced our weekly meeting, it's clear that the team is generally more aware of what's happening in each area of the business, meaning operations run smoothly from marketing to kitchen to logistics. The fact EatFirst now has around 200,000 customers is testament to how well the whole team works together."

Company culture is one of the cornerstones of long-term growth. As these examples demonstrate, a few simple changes can make a huge difference.

> Everyone is working towards the same goal of providing the ultimate customer service and it really shows

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HOW CULTURAL FACTORS AFFECT EMPLOYEE HAPPINESS

CORRELATION TO HAPPINESS

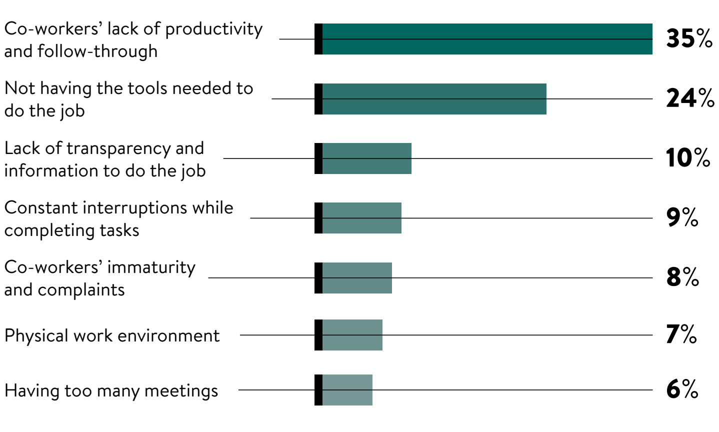
0.62 WORK ENVIRONMENT

0.6 ORGANISATIONAL CULTURE

0.51 TEAM-BUILDING EFFORTS

Source: TINYpulse 2015

TOP THINGS THAT ANNOY STAFF AND CUT PRODUCTIVITY



Source: TINYpulse 2015

TOP 6 REASONS UK WORKERS STAY AT THEIR CURRENT JOB

Source: Association of Accounting Technicians

01 I have a good relationship with my colleagues

02 I enjoy the role

03 I have a good relationship with my boss

04 I don't have another job to go to

05 The commute is manageable

06 The pay

5 WAYS TO IMPROVE COMPANY CULTURE

01 LET STAFF DECIDE COMPANY VALUES

"Planned, generic and dictated from management will not work," warns consultant Tim Taylor, author of *Making Great Leaders*. And the right way? "Recognise that employers come to work with their own values. Sit your team around a table and get them to put pen to paper. Ask them to write their core values. This simple process of allowing staff to state their own values makes them feel important, allows them to connect emotionally to the values they're sharing, and gives a sense of connection and community with fellow co-workers."

02 THINK FLEXIBLE WORKING HOURS

Dr Mark Winwood, director of psychological services for AXA PPP healthcare, helps companies develop sound working practices. In his experience, flexible working can play a big part in engaging employees. "Understanding your employees' needs and, if practicable, being flexible about the hours you offer them may result in them being less likely to call in sick," he says. "Introducing specialist software, such as ShiftPlanning and TimeForce, which can be adopted to allow employees to make changes to their working hours, will give them a greater sense of empowerment."

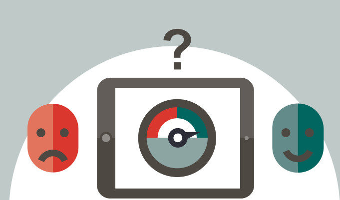
03 OFFER NON-MONETARY REWARDS

Pay rises are an expensive way to motivate staff. Smaller gestures can work even better. Dynamo PR found tiny contract changes made a big different to its hiring success. Peter Bowles of Dynamo explains: "We had to compete to hire an employee, so we wrote 'regular chocolate deliveries' into her contract. We then thought, let's role this out across the whole company. As the clause is an indulgence, we named it after Don Draper of *Mad Men* fame." Does it work? Dynamo was named Best Agency To Work For at the *PRWeek* Awards last year.

04 CREATE A STEERING GROUP

Managing change needs a strong focus. A steering group can gather input from all departments and offer a single source of information for concerned employees. Consultancy 360 Workplace is a keen advocate. Leeson Medhurst of 360 Workplace says: "A Change Champions steering group is involved with decision-making, as well as promoting changes to a wider audience. Change management meetings are held on a fortnightly basis, identifying what changes will come into place and how these will be aligned with our new ways of working."

05 MEASURE YOUR CULTURE



How do you know if you are winning? The only way is to track the performance of your culture. Communications agency Teamspirit uses net promoter score. Managing director Kirsty Maxey says: "Net promoter score allows us to calculate our colleagues' advocacy of working at Teamspirit. Our goal is for that number to be 9 out of 10 which means that colleagues are actively promoting us as a phenomenal employer. We are currently at 8.92, so we are nearly there, but we are very mindful that creating a dynamic culture is an ongoing process."

COMMERCIAL FEATURE

EXPERT ADVICE FOR HEALTHY SERVICES

Healthcare providers face increasing pressure to digitise services but, without specialist advice and support, face avoidable pitfalls

prederi

Government has recognised the benefits of promoting digital health channels and services. This leads to better quality of service delivery and reduced costs as a result of streamlining existing models and making greater use of automated and self-service health channels.

However, change on this scale requires expert help and support, and in its digital transformation work with the NHS, specialist management consultancy Prederi has achieved huge success.

Within the NHS in England digital is being driven by a combination of national initiatives and standards, and local activity as well as an overarching five-year digital and paperless NHS strategy for all health service providers.

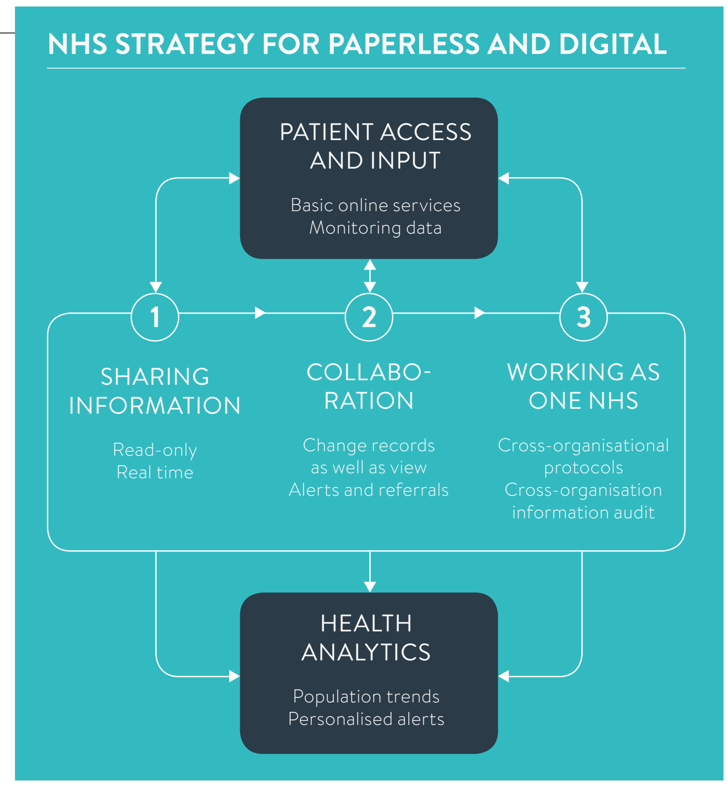
In primary care, the national IT specifications include requirements for cloud-hosted patient records, and basic digital service capabilities and interfaces for fast, secure and paperless sharing of patient records across the NHS.

Meanwhile, GP contracts require general practices to provide basic online services for patients, such as the ability to book appointments and order repeat prescriptions online. GPs also provide digital services to patients within the overall local health strategy developed by their local clinical commissioning group (CCG).

However, there is a lack of consistency, as Prederi director Bhagiyash Shah explains. "Some GP practices have offered online appointment bookings for years; others are only just starting," he says. "Some have high-quality websites offering information on local services that support patient self-help and reduce unnecessary appointments or use of A&E; elsewhere, others are struggling with insufficient internet bandwidth to operate cloud-based IT systems."

The marketing of digital health services also presents challenges. Unlike the commercial sector, where there is tangible monetary or convenience value, the benefits of digital health services are not always clear to patients, so communication and engagement are key to success.

Prederi recently worked with Waltham Forest CCG to implement a digital services strategy. The area has an ageing population and many people are suffering from multiple medical conditions that, when poorly managed, cause increased unplanned A&E attendances and hospital admissions.



"Our client wanted to implement new joined-up care models, improve local NHS productivity and effect changes in patient behaviours," says Mr Shah. "They recognised that investment in technology was a pre-requisite for the transformation of care delivery needed to achieve a sustainable local NHS."

Working with clinicians across the borough, social care colleagues and partners across East London, Prederi helped the CCG implement a business-focused IT and digital strategy. This resulted in improved clinical decision-making through better availability of patient information, an improved patient experience, greater efficiencies in GP practices and across local services, and real value from IT investment.

Mr Shah adds: "The CCG saw the system-wide introduction of innovative information and communications technology – ICT – and digital solutions as a key enabler."

If digital health services are to be successful, greater control over their design and operation must sit with service users, which means IT professionals must acquire skills in facilitation and empowerment. Such a move also needs to be instigated and promoted by CCG commissioners and clinical leads within the major health providers, including hospitals.

Bhagiyash Shah
Director, Prederi

Health service managers face enormous pressure to do more with fewer resources, all against a backdrop of relentless digital change. So while they need a long-term strategic focus, they also need tactical agility to avoid technology pitfalls and exploit emergent opportunities.

"Our role is to provide expert support to many health providers who are at different levels of digital maturity," says Mr Shah. "We are in a position to provide an overview of what is happening elsewhere in the health sector and, by cross-fertilising their thinking with the best digital ideas from the other sectors in which we work, including local and central government, ensure they get the best solution."

prederi.com
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Getty Images

Roll up your sleeves, get your hands dirty

The role of management consultants is changing as clients in a digital age demand a wider range of services and visible return on investment

CONSULTANCY
SAM SHAW

"Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime," or so says the old adage.

This is certainly the approach taken by Inovaris director Richard Harrison, with the innovation courses he leads for clients.

From his Preston-based consultancy, Mr Harrison says one of his bugbears is the assumption that innovation refers solely to technology.

The company's strapline, inspired by a workshop he once ran with clients, suggests thinking differently is the seed to innovation, rather than the system used to implement that thinking.

"What if schools were run by Disney and railways were operated by Nike?" it asks.

Believing a management consultancy can have a much greater impact on a business by helping it to help itself, when the workforce is charged with finding its own solutions there is a pride element to consider.

"It's like a two fingers up to management to know they [the workforce] created something integral for the business and they did it themselves," he explains.

Ironically, though, the management then pats itself on the back, having found a solution without having to overinvest in expensive systems and processes or clocking up hours of consulting time.

Collaboration seems to be key, be that consultancy-to-client, between consultancies through partnership agreements or through strategic acquisitions. Also burgeoning is the number of more bespoke offerings – businesses that expand into other areas in a more "full service" proposition.

Alan Leaman, chief executive of the Management Consultancies Association, recognises the influence of the digital revolution on the role consultancies now play for clients.

He says: "Management consultancies are expanding their skills into areas of marketing, customer relations and digital as the pace of change in business accelerates. The results are often lower costs, improved services and opportunities for growth."

One such consultancy is Market Gravity. The business fuses three strands of expertise – customer insights, traditional consultancy, and technical and digital production.

Co-founder and managing director Peter Sayburn knows it's vital to practise what he preaches. "When you are in the business of innovation you need to demonstrate it yourself," he says.

Recognising the company is only as good as the people on the payroll, he makes a concerted effort to look after those precious commodities, offering a profit share scheme and a £1,000 annual personal development plan.

"It can be for something work related or a bit more left field. Some people went on an acting course at RADA to improve their presentation skills," he says.

Market Gravity also offers so-called Duracell Days at the end of big projects, giving staff the chance to recharge their batteries on ad hoc days that don't come out of their annual holidays.

Rather than the softer side of innovation, talking to the "big four" – Deloitte, EY, KPMG and PwC – about their own evolution, the standout recurrent theme refers to technological advancements.

Deloitte saw a 10 per cent rise in its consultancy business last year, with the highest growth in the area of technology, particularly across digital, cloud, analytics and cyber, says Richard Houston, UK managing partner of consulting.

In response to the rise of disruptive technology, the firm launched Deloitte Digital, a full-service design and development agency focused on helping clients innovate and maximise the business opportunity to be found in emerging technologies, such as 3D printing, drones and virtual reality.

EY has shifted its approach recently. Harry Gaskell, chief innovation officer in the UK and Ireland, explains how the pressure on professional services firms to innovate will see them "live or die".

In the past, solutions tended to be the brainchild of the people in the organisation and were rolled out across the whole business. But that traditional approach fails to keep up with the pace of change in the technology space, so collaborations are now required.

"We work with a network of startup companies, clients and academic institutions to turn new technologies into practical solutions to real problems," says Mr Gaskell.

PwC is also embracing the challenge of such rapid technological change, encouraging a mindset that doesn't simply isolate technology as a single facet of their business.

"We refer to this as developing a strategy fit for the digital age, not a digital strategy," says UK, Europe, the Middle East and Africa consulting leader Ashley Unwin.

The firm has opted for strategic acquisitions to build on its core skillset to further its disruptive capability. It recently purchased the European software company Outbox to help feed the growing demand for cloud-based services. It has also launched the Innovation Lab in Belfast in partnership with Google and in 2014 acquired Strategy&, formerly Booz & Company.

Mr Unwin says: "It has enabled us to move from advice to a strategy-through-to-execution model. This is a marked change for us that complements how we are now connecting with industries across sectors and geographies."

Quicker speed to benefit, the rise of big data and analytics, and a fundamental shift to an outcomes-based approach are the three key factors that have overhauled the way KPMG works with its clients.

"The way clients want us to engage is much more about venturing now rather than providing services," says Nigel Slater, UK head of management consulting.

The mode of input, be it appointing a team of KPMG consultants, joining forces with a third-party specialist or using robotics, is increasingly irrelevant.

"And that is a very different business model for consulting than I grew up with, which has really come to pass meaningfully in the last two or three years," says Mr Slater. "I can see how clients' buying has shifted, their criteria has become much more end-to-end, multifunctional and process-based."

One change manager explains how the fundamentals still exist, but the methods of communication are evolving. "It's moved from what was almost a tick-box exercise about filling in forms and templates to something much more creative, about engaging and empowering the staff and communicating with them in more innovative ways," he says.

For Stephen Ingledew, marketing managing director at insurance giant Standard Life, the role of the management consultant has become much more about co-creating.

"I'm looking to work with consultancies that are willing to roll up their sleeves, meet customers, develop things, test prototypes," he says. "Things are moving so fast in today's environment that we want people to be getting their hands dirty rather than just pontificating."

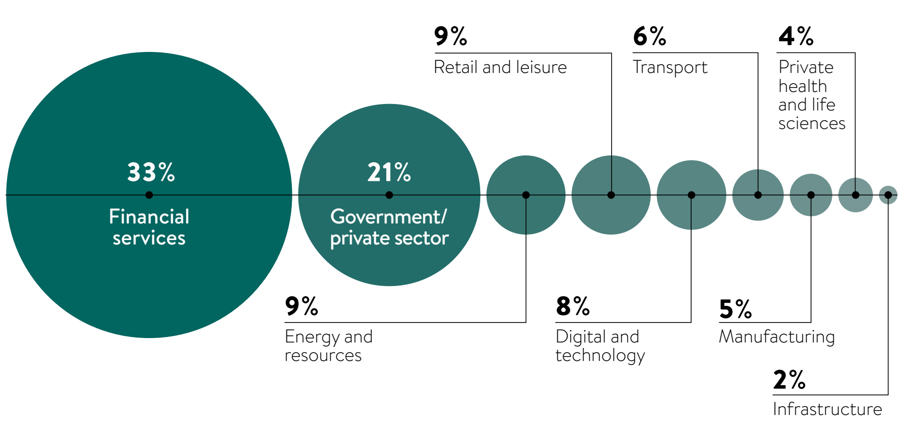
> Things are moving so fast in today's environment that we want people to be getting their hands dirty rather than just pontificating

78% of UK management consultancies noted an increase in fee income for business transformation services in 2015

84% noted an increase in fee income for digital advisory services

Source: Management Consultancies Association 2015

UK MANAGEMENT CONSULTANCY SECTOR
BY CONSULTING FEE INCOME



Source: Management Consultancies Association 2015

COMMERCIAL FEATURE

UNDERPINNING BUSINESS TRANSFORMATION WITH BEST-IN-CLASS MOBILE COMMUNICATIONS

While businesses are investing heavily in transformation programmes, they risk losing competitive advantage if their communications strategy impedes the pace of change. Business leaders must take note of new innovations in mobile voice communications that can drive revenue and enable smarter, more efficient ways of working

BT | smartnumbers

With the myriad of ways in which people can now contact your company, from phone calls and e-mail to Twitter and Facebook, your business needs to have an effective strategy for managing them all.

Top of the list must be voice. After all, when it really matters people pick up the phone. Customers expect a delay when they e-mail or tweet a company. But when they pick up the phone, be it to place an order or complain, they expect their call will be answered instantly, with qualified staff available to handle their inquiry. And in the context of business transformation, the best person to answer the call could be working across town, across the country or across the world.

That's where Resilient comes in, the company behind the smartnumber services that have been driving transformation across 2,000 customers in the defence, retail and finance sectors for more than 15 years. Resilient has taken what it has learnt from these demanding industries and applied this insight to a new suite of mobile services that, for the first time, deliver true innovation to the business mobile user.

Available through BT, smartnumbers services help transform the agility and efficiency of businesses by integrating business processes right into the fabric of their communication services.

As James Foley, vice president of customer experience at BT smartnumbers, explains: "Considering it's been 30 years since the first mobile phone call was made, there's been little innovation around mobile voice services. We've changed that with the launch of BT smartnumbers mobile, which embeds mobile voice into all sorts of key business processes from relationship management, compliance, team-working and many more."

Many of the BT smartnumbers mobile innovations are aimed at improving business performance through ease of use, increased staff productivity and simplified compliance. They work across all UK mobile networks, meaning that people can keep their SIM, their tariff and mobile number.

One such feature allows subscribers to have two separate mobile numbers on one device, without the need for a second SIM, benefitting both companies and their staff. Mr Foley says: "Fourteen million people in the UK carry two mobile phones to separate their business and personal communications. With the average cost of ownership of a corporate mobile phone at £32 per month, that represents £5.5 billion of additional spend. This is not only inconvenient to staff who have to carry two devices and expensive to the company which provided them, it's also irresponsible environmentally.

"The two-phone model makes no sense. Instead, why not overlay a second mobile number on a single device? With BT smartnumbers mobile, business calls present a business mobile number and are charged to the company, while personal calls are charged to the user on the same handset. Staff never need to worry about checking or charging two phones again."

There are clear business benefits too. Not only does it avoid the cost of having to provide a dedicated business mobile, it also means that as staff leave the business, taking their personal mobile number with them, the company retains the business number. And in the world of customer service if you keep the number, you keep the customer.

> BT smartnumbers allows businesses to drive the pace of change, enabling them to become more mobile without compromising customer service, revenue or reputation

Taking the issue of customer service one step further, many organisations are looking at how to improve their customer engagement by tracking all communications, including mobile communications, directly on to their customer relationship management (CRM) system.

"Organisations are investing heavily in CRM systems such as Salesforce.com to try to obtain a 360-degree view of the customer. But it has been incredibly hard to track these conversations over employees' mobile devices. And as the business becomes more mobile, the amount of potentially untracked communication increases," says Mr Foley.

BT smartnumbers can reduce or eliminate this CRM black spot by automatically recording all calls and SMS texts between customers and staff working on their mobile devices. For training and quality purposes, the conversations can be recorded and accessed via CRM so management can review overall customer engagement, as well as tracking the performance and effectiveness of their mobile sales teams.

Mobile call recording is not only important for management, but in many sectors it's a compliance imperative too. In fact, the market for mobile voice recording is set to increase dramatically.

In 2018, a European directive known as MiFID II comes into force, making it obligatory for even more financial services firms to record their business mobile calls. Under MiFID II, anybody involved in giving financial advice that may lead to a trade will need to have their mobile conversations recorded and securely archived for five years. This includes financial advisers, wealth managers and, in practice, any staff in the sector who provide investment advice over the phone.

"Unless businesses plan carefully, they could fall foul of new European data protection rules, as while more business calls will need to be recorded, personal calls must remain strictly private. This is exactly the sort of business problem that BT smartnumbers mobile was designed to solve. We're tackling this requirement head-on with the launch of BT smartnumbers Vault as the secure online repository for storing business call recordings without the need for on-premises equipment or IT personnel," says Mr Foley.

One of the outcomes of business transformation inevitably is the change in working practices towards an agile, more efficient organisation. Central to this are teams that collaborate towards shared goals.

And yet team-working has, until now, been a real challenge for the mobile worker. Callers either reach the intended recipient or are given the option to leave voicemail. Waiting for your call to be returned is not exactly business at the speed of thought.

"With BT smartnumbers mobile, we've taken the key features of the corporate voice network and extended these across the mobile estate. In this way, callers benefit from staff delegating their calls to team or co-workers when they're busy or unavailable, with instant alerts to inform all parties that important calls were handled effectively. In this way organisations can become more mobile without compromising revenue or reputation," says Mr Foley.

James Foley, vice president of customer experience at BT smartnumbers

After years of hype and a great deal of inaction, the promise of fixed and mobile convergence is finally at hand, bringing with it improved customer service, increased agility and greater business efficiencies.

For more information go to www.btsmartnumbers.com or call us on 020 3162 3030

Data analytics is transforming

Disruptive technologies can empower employees to work together with shared information and tools, making wo

COLLABORATION
CAROLINE BULLOCK

Data analytics may be rooted in the workplace, but the internal story has long been a poor relation in a narrative firmly skewered towards the customer experience.

Benefits for end-users tend to offer the most tangible evidence of the rewards to be reaped when businesses take a more discerning approach to data management and forensically extract intelligence to fuel the service experience.

Mobile-aware technologies sending promotional offer alerts straight to customers' phones from insight based on purchase history, is just one of many ways a once niche and complex practice has come to mainstream prominence.

Yet as more businesses harness intelligence to steal a competitive advantage, the drive to evolve their offering is increasingly underpinned by some game-changing transformation in the workplace. Knowledge is power and by putting it at the heart of an organisation's culture, the repercussions can cut a swathe through established corporate hierarchies and overhaul even the most entrenched corporate environments.

"Linking data and analytics to behavioural and cultural change is emerging as the next challenge in addressing the full potential of the digital workplace," says Gartner's data analytics director Alan Duncan. "And it's a transformation that requires business models and workplaces that are dynamic, opportunistic and collaborative to keep up with the rapid pace of disruption and change."

The correlation is set to be felt more acutely as analytics emerge as a true market disruptor. Gartner's latest findings bear out the trend with more than half of large organisations globally set to use advanced analytics by 2018, and most business users and analysts expected to access self-service tools by next year.

Indeed, this new breed of user-friendly solutions, which draw analyses into one central dashboard for easy access and collaborative decision-making, has been at the heart of this traction. An antidote to the standalone, costly and complex business intelligence reporting tools of old, by weaving and embedding data analytics inside a host of popular applications, intelligence is seamlessly integrated into most daily business processes.

Data science manager Heleen Snelting at TIBCO Software, a Silicon Valley-based analytics and enterprise software leader, behind data visualisation and analytics platform Spotfire, has seen the impact first hand across both the traditional analytics mainstay of financial services, manufacturing and energy, as well as new markets such as telecommunications, retail, education and healthcare. By displaying data visually and morphing statistics into graphics to provide an instant snapshot of the stories that could otherwise be buried in the numbers and spreadsheets, the approach is transforming how people work.

"We have a number of customers using self-service analytics for personnel-related topics, for example where a human resources department takes a data-driven approach to identify whether employees are allocated to tasks for which they have the appropriate skills and training," she says.

"More broadly though, whenever you start to track and share key performance indicators through a visual analytics platform, change will come to an organisation. You begin to see surprise contributions from people with specific expertise, who you would not have expected to get involved. Thanks to the use of visual data, they can more easily justify and convince others that something is worth improving, an idea they may have been trying to highlight for years."

Indeed, by changing the way that business intelligence tools are accessed, the practice is no longer the exclusive domain of data scientists or IT specialists, as analytics become cheaper and more accessible with major implications for smaller businesses where cost and complexity would have been prohibitive in the past.

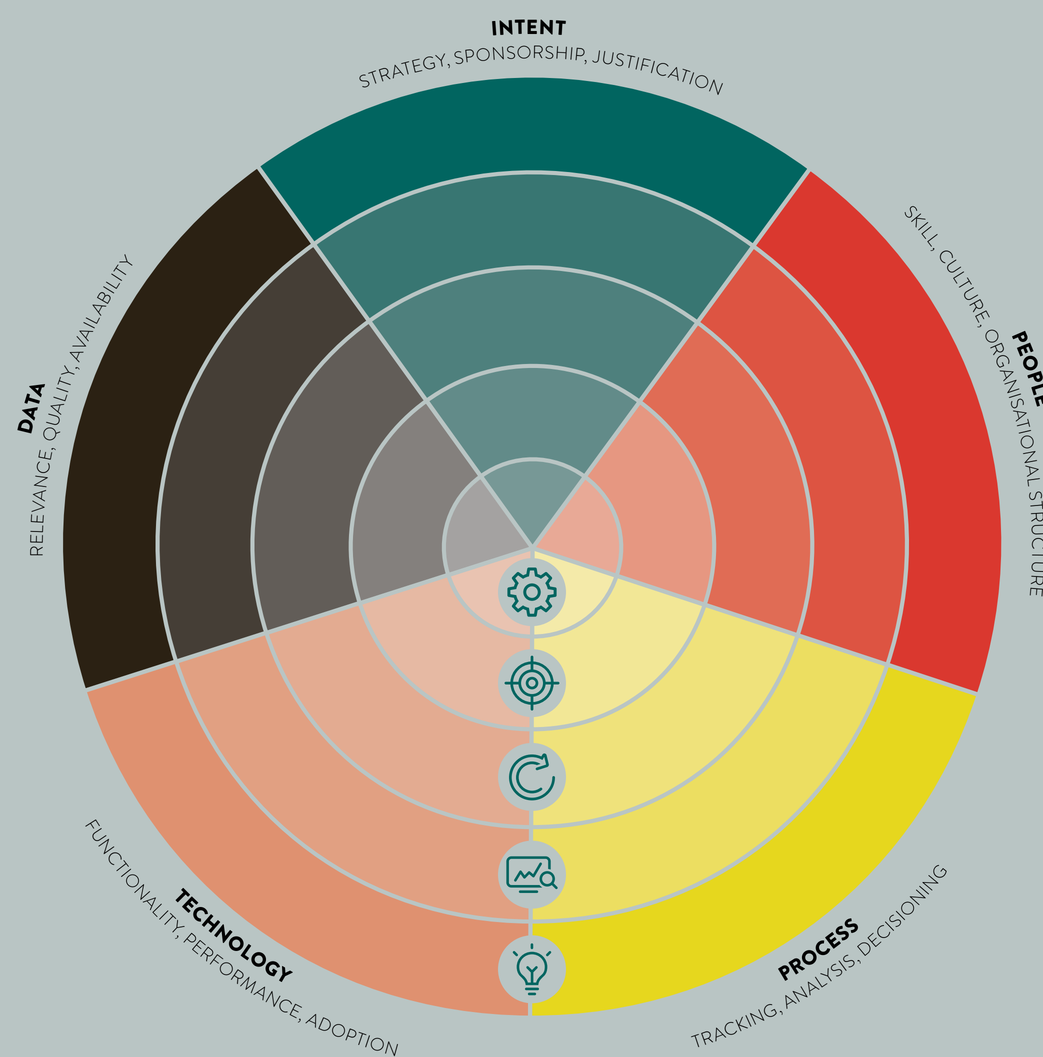
In bringing insightful data to everyone's finger tips, the implications run deep, with the potential to shape a culture where individuals generate findings and make the decisions themselves rather than awaiting instruction. As passivity shifts to proactivity to create a more level playing field, it's a move that has earned the rather grandiose title of data democratisation.

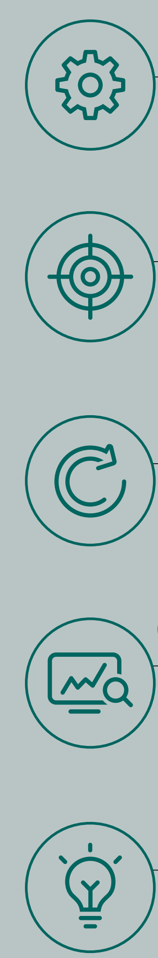
It's an approach in evidence at retail titan Marks & Spencer, where Spotfire's self-service analytics has brought digital transformation and an open data culture to a 130-year-old British high street institution.

Introduced to enhance productivity and bring greater cohesion to the customer experience, both historic data and forecasting capabilities have combined to drive service delivery improvements which span the breadth of the business. Drilling down into customer and supplier data has led to a more tailored offering, from better aligning the choice of ready meal with a particular branch demographic to a deeper understanding of the impact of seasonality on purchases.

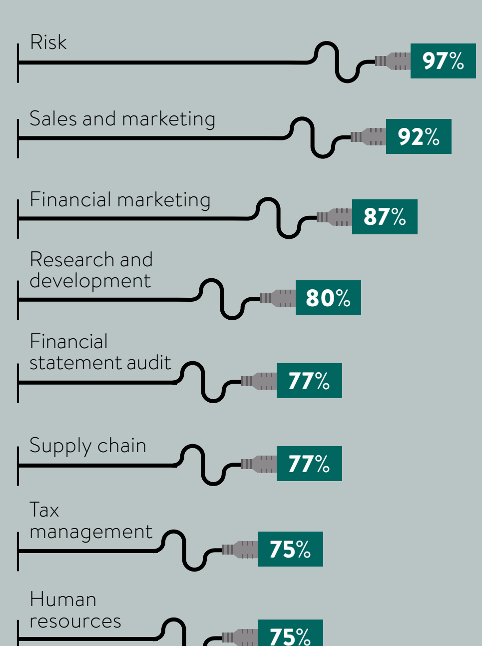
BIG DATA MATURITY UNDERPINS TRANSFORMATION

An organisation's ability to drive transformation with big data is directly correlated with its organisational maturity, according to IDC





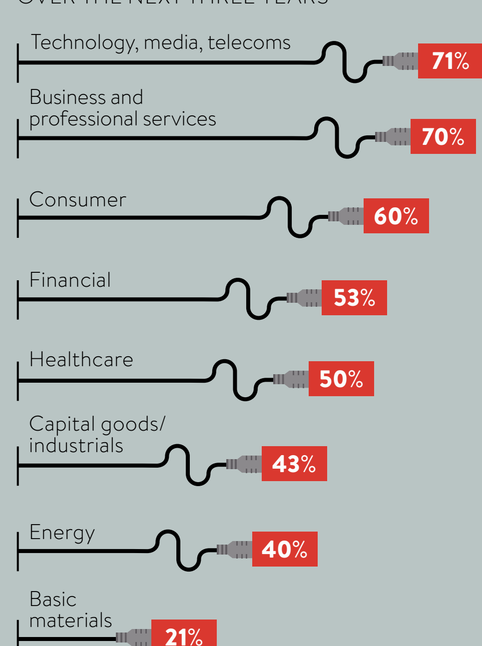
CURRENT USES OF DATA AND ANALYTICS



Source: KPMG 2015

FUTURE IMPACT OF DATA AND ANALYTICS ACROSS SECTORS

OVER THE NEXT THREE YEARS



Source: KPMG 2015

GLOBAL COR

IN EXABYTES

employees into team players

rk more rewarding and enhancing productivity

01 **AD HOC**
EXPERIMENTAL

Siloed proof-of-concept or pilot projects, undefined processes, lack of resources and individual effort

02 **OPPORTUNISTIC**
ACCEPTED

Defined requirements, unbudgeted funding, project management and resource allocation inefficient

03 **REPEATABLE**
INTENTIONAL

Recurring projects, budgeted and funded programme management, and documented strategy and processes with stakeholder buy-in

04 **MANAGED**
MEASURED

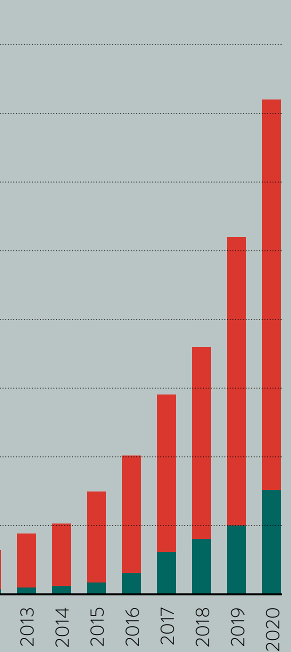
Project, process and programme performance measurement influences investment decisions; standards start to emerge

05 **OPTIMISED**
OPERATIONALISED

Big data approaches become operationalised across with a focus on process improvement and value realisation

Source: IDC 2015

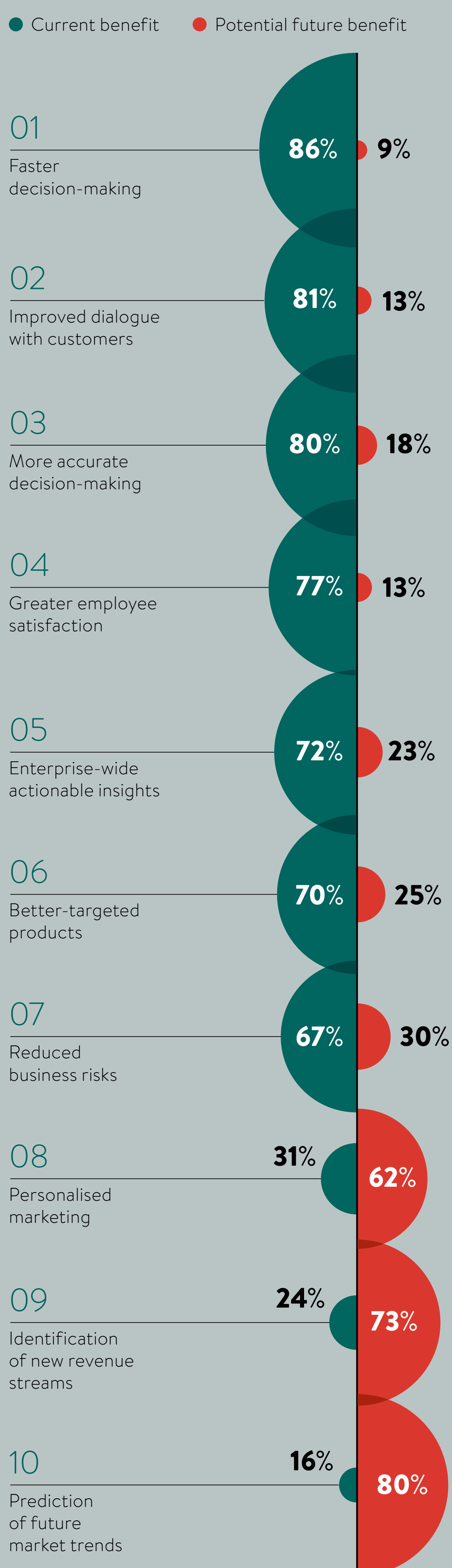
PORATE DATA



Source: IDC

CURRENT AND FUTURE BENEFITS TO COMPETITIVENESS FROM DATA AND ANALYTICS

Key areas of opportunity remain unexplored



Source: KPMG 2015

And for the businesses' employees, the internal impact has been just as game-changing from head office right through to the front line.

"A shift in the dependency from IT to drive all the key database decisions has resulted in a major change to how we work which has brought data into the heart of every business decision," says Pete Williams, head of enterprise analytics at M&S.

"Quite simply, analytics has become everyone's responsibility. With people equipped to answer key business questions and make decisions far more quickly to solve their own issues, their capabilities improve and the result is a more self-sufficient and informed workforce."

Of course, however convincing the benefits may be once in place, any cultural shift and change management is reliant on an organisation-wide buy-in to flourish, which usually means overcoming some level of resistance. And for the uninitiated, who may assume a data culture is little more than numbers and spreadsheets, establishing the case for data governance hasn't always been the easiest sell.

"Business intelligence professionals are typically comfortable with the technical aspects of information delivery, but can struggle to influence business adoption and drive cultural change," says Gartner's Mr Duncan. "This is why we are seeing an increasing number of chief data officers and chief analytics officers charged with championing the transformational value of data and business analytics."

It's a tack that underpinned the approach at M&S, where Mr Williams became a visible and vocal proponent, focusing on the opportunities as opposed to positioning data as a solution to address any shortfalls.

A drip-feed approach to the technology gave employees the chance to see the benefits first hand and encouraged experimentation. By generating enthusiasm and allowing the new culture to develop organically, as opposed to the formal implementation of an IT roll-out, take up snowballed from ten initial users to two hundred.

Mr Williams adds: "Most compelling is the transparency brought to so many areas of the business. Analytics has lifted the lid on the role of colleagues and departments that may have not been so widely known or understood. With information shared, the silos that had developed as employees worked on their own databases have made way for integrated communities which share intelligence as different departments work more closely together."

With an eye to the future, the technology is also set to strengthen the retailer's position to appeal to the kind of specialist technology talent needed to secure ongoing competitiveness which usually swarm to the tech hubs of East London and may not have considered retail as a sector.

And this bearing on recruitment and retention reinforces the inextricable link between analytics and people. While technology in the workplace can often find itself lazily cast in a diatribe that pits man against machine, here the reliance on human insight to extrapolate the insight collated has established an enduring and symbiotic relationship rather than an "either/or".

TIBCO's Ms Snelting concludes: "Human expertise is absolutely needed and can be used much more effectively as repetitive tasks are automated, freeing up the person to focus on something far more satisfying and impactful. Analytics is never a threat, just an opportunity."

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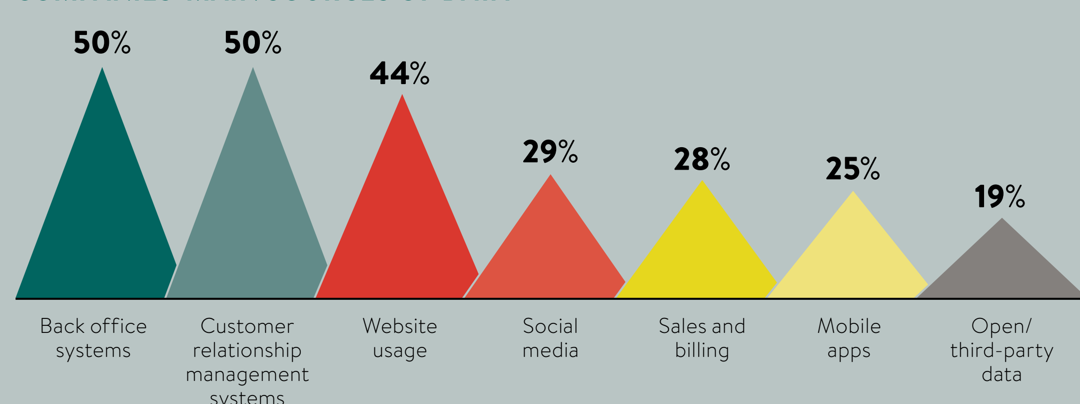
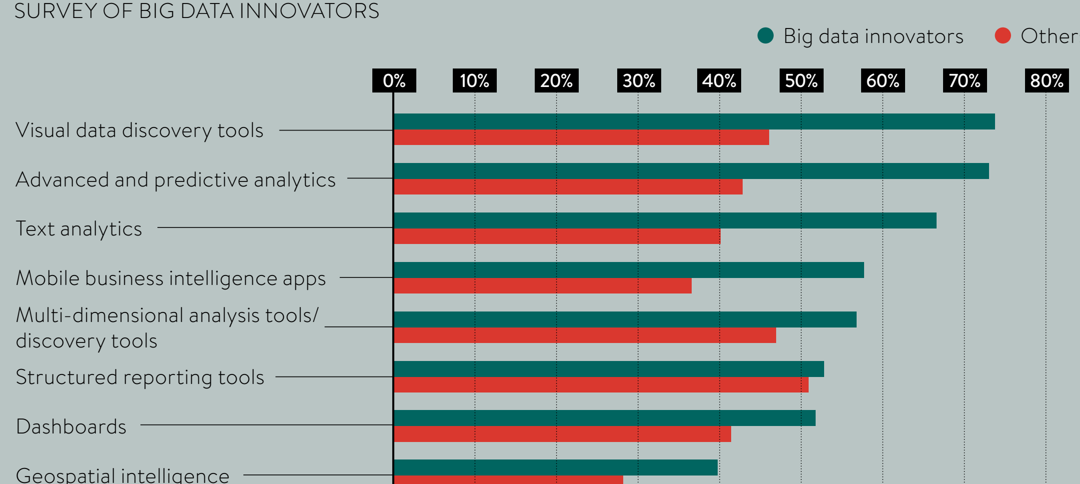
COMPANIES' MAIN SOURCES OF DATA



Source: EY 2015

DATA MANAGEMENT APPROACHES USED FOR DATA ANALYTICS

SURVEY OF BIG DATA INNOVATORS



Source: IDC 2015

COMMERCIAL FEATURE

CASE FOR A CHIEF CHANGE OFFICER

Businesses should consider appointing a chief change officer to focus on transformation

Minesh Jobanputra and Julian McCallum, Deltra group

The last decade has seen business transformation become a key driver of growth and sustainability, and as it has evolved, from traditional projects and change management to high-speed disruptive innovation, one thing has remained unchanged – the need for organisations to reinvent or die.

But more than that they need to understand the importance of fully embracing change, recognising the broader implications and benefits for the business, and embedding change in the fabric of their culture.

In reality this will only happen if there is a function within the organisation with responsibility for making it happen; a function with total accountability, not just for project budgets and deadlines, but for the acceptance of change throughout the whole organisation.

This raises questions over the need for the role of chief change officer (CCO), a role whose sustainability and viability, and positioning at board level, are questionable, but whose contribution to the business could prove invaluable.

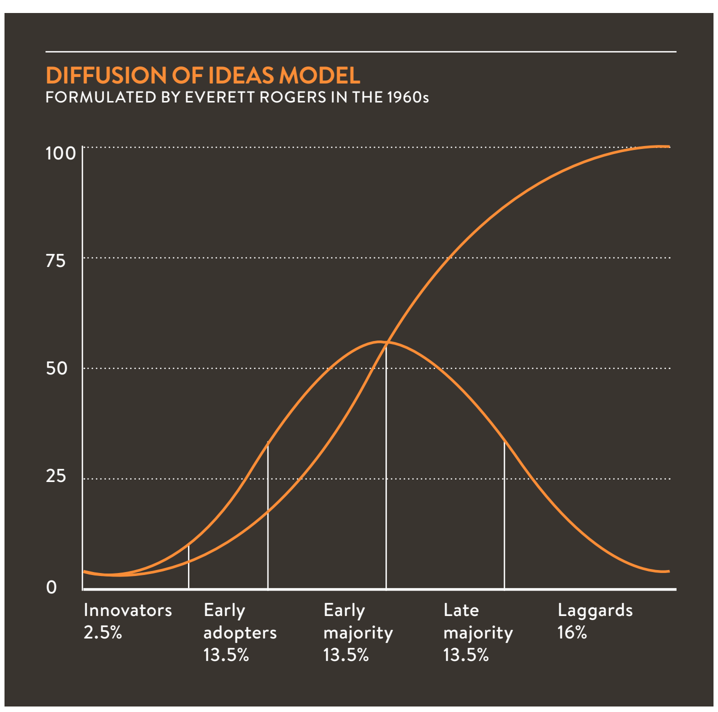
It is also a hot topic for Julian McCallum and Minesh Jobanputra, founders of Deltra Group, a niche supplier of project, programme and change resources, and a leading recruitment partner to major firms in the UK and overseas.

With a wealth of combined experience in the industry, they have seen at first-hand how business transformation and change is evolving yet again as business-centric changes take equal importance to traditional technology-driven strategies.

Mr Jobanputra says: "In many businesses change is technology-centric, which in this growing digital age we know is massively important. In a few cases we see companies changing business processes and over-engineering the way they work to accommodate a technology system. Should there be a blended approach that allows the client to focus on what's right for their business first?

"In this day and age, when digital change is so vital to business, along with employing an agile workforce, attracting millennial talent, and understanding the drivers of motivation and engagement, companies are looking at whether there should be a position of CCO as a recognised role."

Organisations may be aware of the risks of ignoring change, but many have been slow to embrace it or even accept it. There have been some high-profile business failures resulting from poorly managed change. Some have simply not changed and innovated quickly enough.



In the case of Kodak, for example, it was the management's inability to see that digital photography was not just going to challenge the industry, but totally reinvent it. The same can be said of Blockbuster, which underestimated a plucky young challenger in the form of Netflix and soon enough Blockbuster was no more.

Even the early Netflix model had its challenges; it lacked high street visibility and its video mailing system was slow. Still, customers loved the service and told their friends, and word-of-mouth recommendations saw user numbers soar, an example of what network scientists call the threshold model of collective behaviour. As adoption of a new idea grows, resistance dwindles and a viral cascade can result.

The question is, in order to create an environment or culture where change is integral, should companies embrace a permanent change function, or take a blended approach, or a flexible resourcing model, around specialist suppliers, to fulfil their needs?

It is in this space that Deltra Group is a market leader. Founded in 2010, and working primarily with FTSE 250 and 350 companies, it now has a team of 21, whose commitment to forging close relationships with clients, understanding where they are going and playing a key role in a journey that will inevitably involve change, has been instrumental in the firm's impressive growth.

Mr McCallum says: "Our focus is on becoming a trusted 'recruitment partner' to our clients, fully understanding the journey of transformation they are on as well as their resource plan. This allows us proactively to find them the best talent in the market."

Last year the two founders strengthened their market position by launching a new search and selection firm, Latimer Executive, with the aim of working with the C-suite in particular.

Where the company has really been insightful is in recognising that the real dangers and pitfalls of tech-driven transformation are found where the business isn't engaged from the beginning, and where the wider business benefits and the crucial points around change and acceptance have not been fully considered.

"Projects and programmes delivered with technology as the ultimate driver haven't always produced the right results," says Mr Jobanputra. "If a company was introducing a new piece of technology, implementing to make cost-savings, but failing to consult on it with the end-users, the employees, the organisation faces a battle with its people to accept the changes being made. The IT function sees the cost impact, but nobody is thinking about the broader business impact."

> "A CCO would have total accountability for cost and output, but would not be working in isolation

And it is this very specific and business critical aspect of change that lends weight to the case for a CCO.

Mr Jobanputra adds: "The chief information officer or CIO is traditionally the person identified with business and technology change, but in the last ten years the role of CIO has really evolved from being the technology specialist to being an innovation, information, 'how can we use tech to get the best out of business?' specialist."

This transformation is generating interest in the notion of a dedicated change function, albeit tempered by a reticence around the idea of a CCO with a major say in what happens.

Nevertheless Deltra Group's founders insist that a CCO is something companies should be considering. They argue that aside from the financial benefits, in terms of the intangibles, such as employee engagement and change acceptance and user acceptance, having someone whose role is to focus on change and transformation can only be beneficial.

A CCO would have total accountability for cost and output, but would not be working in isolation, adds Mr McCallum.

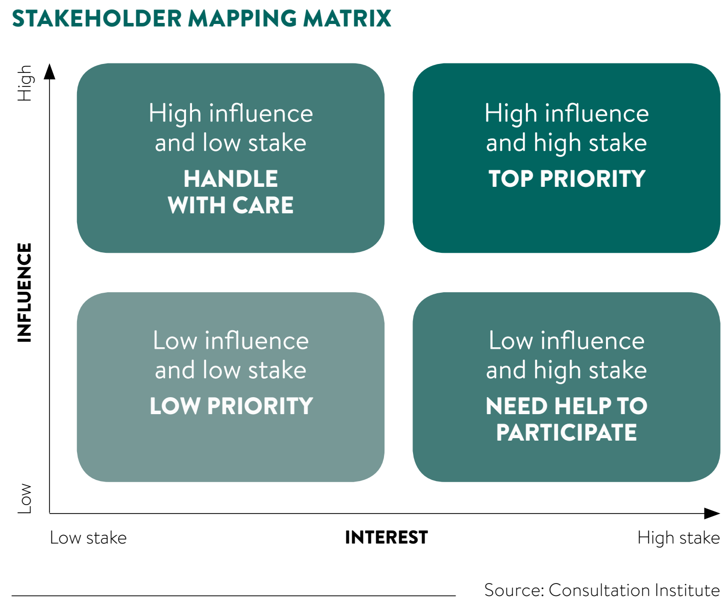
He says: "By working with the CIO and chief technology officer, technology can become a true delivery partner driving transformation and bringing exceptional value to an organisation. The CCO would have buy-in from the top, with the chief executive and the rest of the C-suite recognising it as a function worth having, while also understanding it will not necessarily deliver return on investment year on year."

It would also bring about an end to the predictable blame game, when projects fail to hit budgets and deadlines or strategic objectives because the CCO would work with the CIO and chief financial officer to ensure they have the right commercials in place and the right contracts ready.

With change and business transformation part of the culture, there from the beginning rather than deployed reactively, organisations would not have to reinvent or die, they would simply evolve competitively, and secure a sustainable and successful future.

For more information visit www.deltragroup.com


Getty Images



Keep friends onside

People often feel uncomfortable with constant change – so it's vitally important to keep stakeholders onside when a business needs to transform and reinvent itself

STAKEHOLDERS
GIDEON SPANIER

Change is the new normal. Two decades after the internet first disrupted business, the mobile technology revolution is moving at such a pace that it is forcing companies to transform the way they operate and communicate on an almost continuous basis.

Two thirds of companies surveyed by research firm Gartner last year said they were currently undergoing a business transformation initiative, but even that could be an underestimate.

"I think every client we work with is reorganising and innovating to make things better, faster and simpler for their customers," says Cilla Snowball, group chairman and chief executive of Abbott Mead Vickers BBDO, the advertising group whose clients include BT and Sainsbury's. "And this is a routine, restless, relentless and ongoing commitment, not a one-off gesture. The same applies in our own business."

Paul Frampton, chief executive of Havas Media, a media-buying group, agrees that companies cannot afford to stop thinking about business transformation. "Managers need to get used to being 'always in beta'," he says, likening the mindset to how a computer engineer will test and retest software, and keep updating it.

Being in beta means being willing to experiment, move fast, iterate when things go well and pivot if problems or opportunities arise.

No one thinks business transformation is easy. As Darren Childs, chief executive of UKTV, the owner of channels such as Dave and W, says: "What worked yesterday, probably won't work tomorrow. I think most CEOs would acknowledge that, but few then take that learning to re-evaluate how they run the company."

Established companies, in particular, are bound by tradition and less agile than new entrants that have fresh eyes when it comes to spotting smarter ways of working.

Even if management recognises the need for transformation, the challenge is to persuade multiple stakeholders and maintain the momentum during what is likely to be a long ordeal.

Mr Frampton, whose clients range from the BBC to Domino's Pizza, says: "Any change programme must consider all stakeholders which range from your own talent, both senior management and your more junior staff who approach change differently, through to your customers and your shareholders. Invariably, your talent will be concerned about how change affects them personally and will see the bad before the good, so clear and regular communication is business-critical."

The Gartner survey warned that only 42 per cent of businesses investing in a transformation initiative have appointed an assigned leader to run it, and that person might often be given the role midway through the process, which is hardly the best way to win support from stakeholders and drive change.

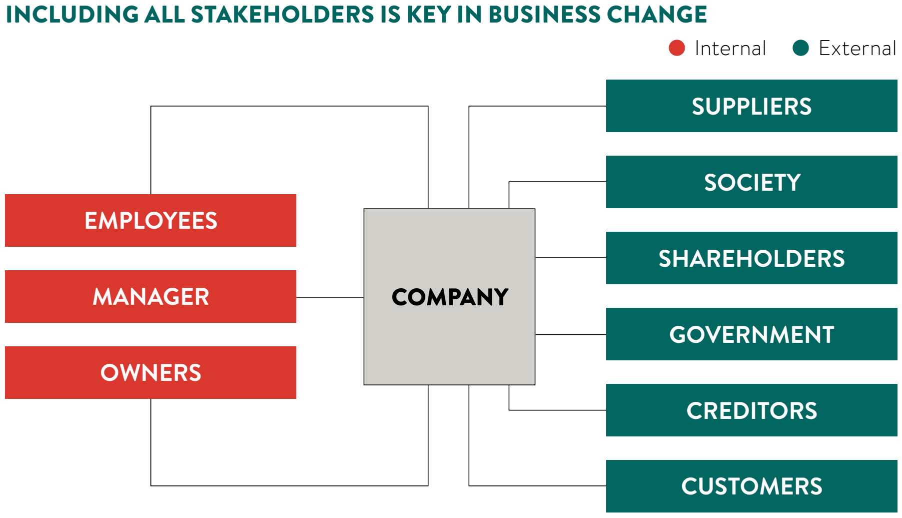
Devising a strategy and communicating it are just the start. Reforming existing corporate structures and sweeping away vested personal interests are major challenges. Ms Snowball warns: "Silo and ego are the barriers in most businesses, and an unwillingness to change as fast as the world is changing."

Business leaders must also consider other external stakeholders, such as politicians and regulators, particularly when there is a public interest or new entrants challenge existing laws and practices.

42%
of businesses investing in a transformation initiative have appointed an assigned leader to run it

Source: Gartner 2015

INCLUDING ALL STAKEHOLDERS IS KEY IN BUSINESS CHANGE



Taxi-booking app Uber and property-rental service Airbnb are two companies whose rapid growth has disrupted the transport and hotel industries in many countries in just a few years, leaving regulators playing catch-up and legacy companies struggling to adapt.

The new tech giants that act globally, rather than nationally, have been a major driver of business transformation, yet Mr Frampton, who runs the UK arm of French-owned Havas Media, says local issues still matter. "The biggest challenge for an international organisation is conveying the idiosyncrasies of different markets and why certain change is more urgent due to local conditions," he explains.

The rise of the tech upstarts points to a wider trend. "Customers are the only real stakeholders," claims Mr Childs. In the case of UKTV, putting the customer at the heart of business decision-making has meant investing in better quality TV shows and making sure it's as easy as possible for content to be found, watched and loved on any platform, he says.

However, Mr Childs believes employees have a crucial role to play in business transformation and challenging internal processes. He mixes up teams on a regular basis and has moved UKTV to a more mobile, "free-range" workspace to attract younger staff, dubbed millennials, because they came of age after the Millennium.

"I believe companies based on command and control will disappear," Mr Childs says. "The world moved too fast for the C-suite to make all the decisions. You need everybody in the company to engage in its success in order to stay on top of consumers' habits and move at speed."

For many businesses, the greatest recent challenge has been to cope with the shift first to online and then to mobile.

> "The challenge is to persuade multiple stakeholders and maintain the momentum during what is likely to be a long ordeal

Paradoxically, some of the first generation of tech giants, such as Yahoo and AOL, struggled to disrupt themselves in the mobile age. For that reason, Mr Frampton singles out Facebook's pivot from being a desktop to a mobile-first business between 2012 and 2015 as a prime example of a successful transformation. "They were nowhere in mobile, but were able to change the culture and development cycles overnight to prioritise mobile," he says.

However, some companies face such severe disruption to their existing business model that their very survival is threatened, even if they see the need for transformation. In that case, the key stakeholders are likely to be bank lenders.

Yell, the owner of Yellow Pages, the directories business, only belatedly realised that it was not doing enough to replace falling print revenue with digital sales. When new management took on the challenge, they faced a double whammy because the company's £2-billion debt burden meant it was crippled by interest payments, while online revenues were still modest. The company collapsed in 2013 after lenders lost patience, although it lives on after a debt-for-equity swap.

Mr Childs concludes: "This generation of CEOs needs actively to relearn everything we have seen and learnt in our own rise to the top, and constantly ask ourselves if there's a better, quicker, more efficient way of doing things? The correct answer to that question is almost always yes. Change is the only truly honest thing a CEO can promise his team."

What a challenge it is, then, to keep all your stakeholders onside.

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COMMERCIAL FEATURE

LIBERATED WORKERS DRIVING LATEST COMMUNICATIONS REVOLUTION

Managed cloud-based converged communications can help transform business and will liberate your workforce

Flexible working is a big deal and companies are waking up to the fact that it pays to let employees work where they want, on the personal or business devices they want – seeing productivity rise as a result. Staff retention is improved, wasted commuting time is cut, and interaction with clients is more immediate and more effective.

The key to flexible working is managed cloud-based converged communications that enables workers to access their critical business applications and services on the move. Whether it's about accessing corporate data on a smartphone or plugging into a contact centre while on the road, access on a mobile device should be as available as being sat in the office.

Workers are accessing their business systems and content using "mobile first" and companies that can't offer this will fall behind their competitors. Gartner forecasts market demand for external enterprise mobile services will grow at least five times faster than the supply of available mobile solutions from internal IT departments by the end of 2017. Google estimates 80 per cent of the global workforce – approximately three billion – are performing physical or desk-less work daily.

Olive Communications, a leading UK cloud communications provider, has built its Cloud Managed Service Platform (CMSP) to give companies a straightforward way to embrace the very latest mobile, cloud and communications technologies in a single package. Not only is pricing predictable, it's also easy to implement with existing business data as well as being easily accessible to immediately upload any updates.

> Olive Communications has built its Cloud Managed Service Platform to give companies a straightforward way to embrace the very latest mobile, cloud and communications technologies in a single package

Olive has created an innovative inclusive subscription-based procurement model that simplifies budgeting and provides its clients with an out-of-the-box "always-on" capability. Services for new people or new locations can be deployed in hours rather than days or weeks. Olive has already deployed large-scale fixed and mobile converged solutions to organisations with diverse desk and field-based operatives, using its mobile Cloud Managed Service Platform.

Scania (Great Britain) Limited appointed Olive to transform its communications infrastructure and during the past two years Olive has implemented a cloud-based unified communications solution for 1,000 employees across 50 sites. The integrated strategy included a new contact centre, a new MPLS network, LAN infrastructure, mobile network service and devices. Scania sought to procure the best possible solution for its business, and the objectives were to improve its ability to provide a first-class service to customers, enhance employee-to-employee communications, and reduce infrastructure and telecoms costs across the board. The Olive CMSP has surpassed Scania's expectations.

Similary, Swiss Re's Admin Re has made a £5-million investment in a new cloud-based unified communication and contact centre platform. Admin Re chose Olive Communications as their strategic telecoms partner following a rigorous tender process to provide services to its 2,000 employees. The system is located over dual datacentres, delivered via a private cloud, making it highly resilient, secure and scalable

Admin Re says: "We need a system that is agile, to help us scale quickly as a business, to meet both the demands of our customers and to achieve our growth strategy. To do that we need the very best tools in place to provide first-class customer service, delivered in a way that ensures we can add extra employees and future applications quickly and cost effectively, while always remaining cost effective."

Olive Communications chief executive Martin Flick concludes: "We work closely with our clients, helping them build optimum communications to maximise productivity and convenience within clear pricing models. We take great pride in working with outstanding clients, improving the way they work. If workforce mobilisation is part of your strategy, we would love to share our experiences – there is much we can share with you."

To find out more visit olive.co.uk

OPINION COLUMN

Transformation isn't what it used to be

The nature of change is changing – so we need to take a fresh approach to business transformation within the bounds of company ethos and ethics

NICK RINGROSE

Board member
Management Consultancies Association

Nothing is constant but change, if Greek philosopher Heraclitus was to be believed. The problem for business is change itself is not constant.

In the past, business environments were more stable. When transformation was necessary it could be plotted in rules set out by authors such as Harvard Business School's Professor John Kotter. His seminal work, *Leading Change*, became the blueprint for many a business transformation. But in the 20 years since its publication, change has moved on.

Google started with making an internet search engine, but before too long it could be driving your car. Apple has jumped from computers to consumer electronics and even into banking services. Amazon started by selling books to consumers, now it also sells cloud computing to big business.

> If senior management is male, pale and stale, then the company can become a victim of digital Darwinism and go the way of the dinosaurs

The same goes for geographies. When chancellor George Osborne invited Chinese firms to bid for HS2, he merely confirmed what many in the industry already knew that the days of infrastructure built only by national or regional players are long gone.

Finally, businesses are changing from the inside. As a new generation enters the workforce, these digital natives arrive with different expectations. Younger people now expect things to move faster; they want more flexibility and believe in the work-life balance. Generation Z does not fit with the well-established, top-down method of transformation, as change consultant and author Anthony Greenfield has pointed out.

If our old tool box for transformation is not fit for the future, then the question is what we do about it. We need to be much better at scanning the competitive environment. Fifteen years ago, you would do an appraisal through SWOT and Porter's Five Forces, but now you need to think much more laterally to understand what the significant disruptors to your business are going to be.

When you decide what you are going to do, you've got to get there faster and in short bursts. Here we can borrow the more devolved "scrum and sprint" approach from agile software development. But if you also want to execute a top-down structural change, the two forces can lead to tension. It is hard to run a scrum and sprint approach in parallel with rigid hierarchical change, but you cannot be so slow that the world has moved on by the time you finish.

We also need a new approach to leadership. If senior management is male, pale and stale, then the company can become a victim of digital Darwinism and go the way of the dinosaurs. You need leaders of the future who are more keyed in with new approaches to transformation and who can advise or execute with much more delegation.

But the dinosaurs have something we still need. You have to have governance. If you don't have some sort of oversight and orderly plan, spending can break budgets, sequencing can go wrong and consistency goes out of the window. Transformation still has to adhere to overall company ethos and ethics.

It's easy to get wrapped up in the doom and gloom when you look at how established businesses need to change their approach to transformation. Technological and geopolitical forces are driving change at an ever-faster rate. If you take a Darwinian view, the future looks stark for those eschewing agility and devolved decision-making. But those nifty enough to avoid extinction can expect to find a new world in which they can thrive.

A question of how best to make changes

How to achieve business transformation to stay competitive, whether through major change management or small continuous improvements, has split opinion

STRATEGY
ALISON COLEMAN

The business world faces many uncertainties, but one thing that's constant is change. Organisations have to change to remain competitive, and the challenge for business leaders is to decide whether to go for wholesale business transformation and reinvent the organisation or to make small, incremental changes that evolve only certain parts of the operation.

According to a recent survey by Source Global Research, the majority favour business transformation. The survey of more than 600 senior executives and directors in UK organisations revealed that 82 per cent of organisations are already investing in, or planning to invest in, large-scale transformation programmes.

Still, some favour a more responsive approach to change based on customer feedback. James Murphy, chief executive of communications agency adam&eveDDB, believes that businesses should take a leaf out of Uber's book and take their cues for change from the customers they are targeting.

He says: "Ambitious businesses need to be constantly improving and creating a culture that fosters incremental change, so that you are improving in some area of your business at least every few weeks.

"This doesn't mean just focusing on the latest tech and how you can adopt it, but changing your attitude and that of everyone in your organisation. As part of this, it is important to empower staff to come up with ideas rather than having a top-down management."

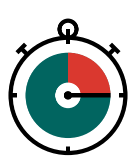
But business leaders who are inclined to make continuous small changes could be a making a mistake, according to Stephane Girod from Henley Business School, who along with Professor Richard Whittington from Oxford University has just completed new research into the potentially disastrous consequences of unplanned continuous small organisational change.

He says: "Executives reason that small changes pre-empt larger ones, on a 'stitch in time saves nine' principle. One of our major counterintuitive findings is that, in fact, small incremental changes can actually escalate into larger, more radical change. This effect happens even after controlling for more classic factors of large change, such as strategy, size and environmental change.

"In our study, small incremental change consists of changes to the boundaries of business divisions, by merging, splitting, transferring, closing or creating divisions."

The research suggests that beyond a threshold, such continuous small changes are liable to trigger a potentially unintentional and even harmful radical organisational restructuring.

Far from always releasing pressure in the system, small incremental changes can be a pre-shock setting off a large-scale eruption, says Dr Girod. He points to successful companies, such as Google, Dow Chemical and Accenture, that recognise it is better to resort directly to more radical organisational change occasionally when significant internal change is necessary, than tweak the organisation a lot.



69%
of FTSE 250 board members have identified an increase in the pace and pressure of change over the past three years

Source: Illuma Research/Moorhouse 2015

"But it doesn't mean these companies shun smaller incremental change either," he says. "They continuously shift some divisional boundaries to be agile, but they pace these changes and tend to avoid sudden gluts of smaller changes. In this sense, their choice is more than 'either or', it's also about how much of the smaller changes they need to stay agile and think they can cope with."

Yet some companies have chosen not to transform their businesses completely and instead have evolved processes and operations more subtlety.

Juan Pablo Luchetti, director of business consultancy Mubaloo, has worked with a number of them, including stock photograph agency Alamy. The company launched Stockimo, an iPhone app that simplified the way people uploaded their mobile photography to the Alamy network, which publishers and news organisations can now buy.

"It was responding to change in the market, without disrupting its business model," says Mr Luchetti.

However, one of the companies that he most admires for achieving large-scale non-disruptive transformation is Procter & Gamble.

He says: "It has the biggest R&D team in the world right now because of its approach to crowd collaboration for solving issues. The company puts a challenge on a web page where third parties or individuals can log in and see what the challenge is. Given a clear objective and price, they go away and try to solve it. It was responding to change in the market, without disrupting its business model."

In planning a change strategy, organisations also need to consider the potential impact on their people.

Matt Guest, Europe, Middle East and Africa head of digital strategy at Deloitte, says: "It is crucial to understand the drivers of value, to quantify them and then to target them with transformation prototypes. Incentives for people in the organisation should be set to help them adapt to the transformed model. If you don't have a link of personal incentive to true value, then the chances of success are diminished."

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Supermarkets at war must reinvent or die

The big four UK supermarkets were caught off guard by an assault from German insurgents and now must fight to survive

SUPERMARKETS

DAN MATTHEWS

It seems like only yesterday that the environment for British supermarkets was calm and benign like the surface of a deep, undisturbed lake. A small number of reassuringly familiar businesses dominated everything and, if one of these big names got into trouble, through an ill-judged acquisition or some other glaring error, then no matter, one of the others would pick up where they left off.

Consumer trends helped enormously because they were so perishingly predictable. Once a week people across the country would drive out to one of the thousands of giant, monolithic mega-marts, cram the boot with 20 full-to-bursting plastic bags and then repeat 52 times a year.

Everything was plain sailing, so most business plans read simply: "Do more of the same." The businesses acquired hectares of land for ambitious construction projects, diversified with new offerings in fuel, communications and TV, and watched the cash roll in, in great big bundles.

People didn't switch supermarkets very often, but to make sure they stayed onside, a bewildering array of bonuses, offers and discounts were slapped on almost every product in-store. No one really knew if they were getting a bargain or not, but it was enough just to see struck-through prices on the labels.

Then, just a few years ago, came an extinction event. Like dinosaurs after the asteroid strike, the big, lumbering corporations had no time to react and today even the previously invulnerable big four of Asda, Tesco, Sainsbury's and Morrisons are fighting for their futures.

The event was actually a series of happenings that started in the 1990s with the arrival of discount stores Aldi and Lidl, whose simple, no-nonsense and transparent offering gradually gained popularity. Next came the digital revolution, which in turn had a seismic impact on the way people shop.

Demographic movements, nudged along by rising house prices, meant people started to live differently – smaller, more individual, piecemeal and spontaneous than ever before. For many, the weekly shop went out the window and was replaced with buying "just in time".

In this new environment the discounters thrived. Pound shops proliferated and "newcomers" Aldi and Lidl began an unchallenged land grab. By 2003 the pair had inched to 2.5 per cent market share, nine years later that figure doubled to 5 per cent and it took just another three years for it to double again.

Last year a tenth of all supermarket sales happened in one or other of these stores, about the same as in Morrisons the smallest of the big four. And while these enjoy growth of eye-watering proportions – 16.5 per cent for Aldi and 19 per cent for Lidl in the third quarter of 2015 – Tesco and Morrisons watched sales fall. Of the giants, only Sainsbury's increased turnover last year.

But sales from other players such as Waitrose and the Co-operative also edged up, suggesting that the big four got it wrong somewhere along the line.

9.8%

of the UK grocery market is now controlled by discounters Aldi and Lidl

Source: Kantar Worldpanel 2016

"The financial crisis was the catalyst," explains Tom Phillips, planning partner of customer experience marketing agency MRM Meteorite. "It kept the boards of the big four focused on complex, diversified businesses.

"This allowed new, nimble entrants, particularly as the economic slowdown rolled into its fourth, fifth and sixth years, to recognise that a new smarter, more connected customer had arrived; one who understood how BOGOFs [buy one, get one free], discounts and gondola ends [promotional end-shelving] were duping them.

"They zoned in on what mattered to these shoppers – quality, price and convenience. Small-format, limited-line discounters popped up next to larger Waitrose stores. And both benefitted. Meanwhile three of the big four chased after 'convenience' using their out-of-town, out-of-favour mega stores to create dotcom delivery models."

The discounters proved the apparent paradox that "less choice is better choice" by offering lobster for £5, adds Mr Phillips. They questioned, very reasonably, why consumers should pick from a dozen brands of jam or even why the stock should be the same each week.

The triumvirate threats of online, consumer trends and competition from nimbler foes have forced the big chains into action. Radically altering a monster business such as Tesco, still with 28 per cent of the market and a galaxy of outlets up and down the country, obviously takes time. The same is essentially true of the other major players, yet all have shown willing to initiate change.

"Asda has tried to compete head on with discounters on price," says Paul Whysall, professor of retailing at Nottingham Business School. "They recently announced that some in-store services like photography would be stripped back or outsourced, presumably to get 'back to basics' as a low-cost supermarket chain.

"Sainsbury's offer to buy Argos is interesting, suggesting it sees a future as an efficient deliverer of goods using Argos's established expertise in that respect, but that move has divided informed opinions; there may be problems as well as opportunities there.

"Morrisons was struggling for some time before it had an apparent recent mini-revival, hence its withdrawal from convenience stores which seemed not to have worked as planned. It seems to want to return to its former proven business model, but is that still appropriate?"

Unhelpfully for supermarket royalty, the pretenders to the throne have been agitating all the while. They are evolving too with new budgets for guerilla marketing, making it hard for their rivals to play them at their own game.

"Aldi and Lidl have really shaken up the market with their advertising over the last few years; cheeky campaigns, such as Aldi's Like Brands Only Better or its recent parody of the John Lewis Christmas ad, stand out and get their

Getty images

Aldi

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price message across very effectively," argues Dan Smith, head of the advertising and marketing law team at Wragge Lawrence Graham & Co.

"The big four have sometimes found it difficult to respond. Their price guarantees typically exclude Aldi and Lidl, and attempts to find a way to include them have led to Lidl hitting back with an ad highlighting the conditions on the price match and suggesting that, instead, consumers could 'just go to Lidl'."

But Jon Kershaw, managing partner for strategy at Havas Media, says the establishment is managing to land a few counter-punches of its own. Asda, for example, was on the money with its offer of heavy discounts on unattractively shaped vegetables.

"Asda's wonky veg box is a great example of a meaningful new initiative," he says. "It offers price-conscious shoppers a cheap way to feed their families, it promotes

> Like dinosaurs after the asteroid strike, the big, lumbering corporations had no time to react and are fighting for their futures

healthy eating and it reduces food waste by getting more food on the shelves that would otherwise have been rejected.

"Across the board, supermarkets are now doing more to help time-poor shoppers. Rationalised product ranges, smaller and more easily navigable store formats, and technology initiatives like Tesco's Scan As You Shop are all signs that the big four are listening to feedback."

They also went big on the quality message, rightly or wrongly implanting the idea that good food doesn't come that cheap, says Naomi Kasolowsky, global capability managing director of customer strategy at dunnhumby.

"The big four have placed an emphasis on quality perception as part of the overall value perception to combat outright price comparisons. All of the big four have identified investment in quality as a priority," she says.

The war for your shopping basket is hotting up, yet such is the complexity of what's taking place, we won't see a winner for years to come. The good news for those of us who do not work in retail, however, is that the customer looks well placed to come out on top, whatever the outcome.

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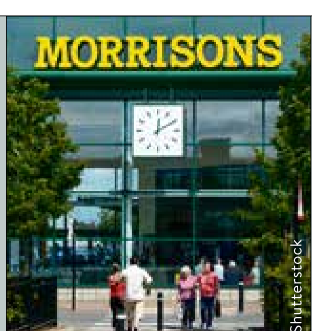
MILESTONE YEAR AHEAD FOR MORRISONS



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The recent history of Morrisons is a rollercoaster ride of highs and lows. Over ten years it swept south from its northern heartland, opened dozens of branches, thrived in its position as a challenger to its three bigger rivals, but then shrank back as failure to adapt to new market conditions cost the chain dear.

Morrisons delivered a much-needed turnaround in sales in the latest Christmas period, posting a wafer thin 0.2 per cent rise in like-for-like sales during the nine weeks to January 3, but other than that 2015 was a year to forget.

A foray into the convenience store market ended with a huge sell-off of 140 outlets at the bargain-basement price of £25 million, an estimated £30 million less than it cost to develop. The stores had operating losses of £36 million.

The wider company's profits almost halved last year from 12 months earlier as it consolidated and reined in its less successful investments. A late venture into online deliveries began in January 2014; by contrast Waitrose started its home deliveries through Ocado in 2000.

The then chief executive of Morrisons Dalton Philips had been quoted as saying, quite rightly in many cases, that web-based shopping was not profitable. These troubles and more were compounded by falling food prices which ate into already tight profits.

Although 2015 was a broadly painful year for the business, it did represent the culmination of some significant changes which could put the business back on track. It slashed prices to compete head-on with Aldi and in November dropped its money-off voucher scheme.

It changed its Match & More loyalty programme – also criticised for being behind the times – to give five points for every £1 spent and it stopped the promotion of rewarding points if shoppers found goods cheaper elsewhere.

In a back-to-basics message, the chain has ended its association with celebrities Ant & Dec for its adverts and beefed up the message that the business is more than just retail. Unlike other chains it owns its own bakeries, fisheries and abattoirs.

This year will be a milestone for Morrisons and analysts are waiting to see if the changes will yield results. Watch this space.

STOP THINKING SILOS, START THINKING ECO-SYSTEMS

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DMI 2015 HIGHLIGHTS:

1. A vision needs a strategy and a strategy needs a plan. Operationally, digital is not at business as usual level yet.
2. How you're organised is less important than how you operate, and getting the culture right is essential.
3. Adopting agile methodologies can deliver benefits to both process and outcome but they must be aligned to other elements of the eco-system.
4. Customer-centricity needs to be delivered in balance with the wider eco-system. If your organisation isn't aligned to address customer needs, then you won't.
5. Deliver excellence in a few channels rather than being ok in all of them.

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