Transformations Fail, But They Don't Have To

Let's get right to the point of this article. Most all organizations seek change and transformation, yet efforts usually fail, and it's not because organizations deviate from a simplistic list of change best practices, it's because change is complex and needs to be approached methodically and scientifically. My goal is to explain each of these propositions, and most importantly, explain how organizations can maximize the probability of success. Transformation in this context doesn't refer to broad cultural changes (e.g., fostering a culture of innovation), but transformational initiatives that require alignment and effective execution to deliver specific business results (e.g., building out a new product, major operational model changes, or deploying a critical new technology). Let's jump in.

Many Organizations Seek Change and Transformation

I expect you wouldn't be reading this article if you didn't recognize the need to drive change. Standing still is not an option. Consider that most of the companies on the Fortune 500 list in 2003 ceased to exist by 2023. McKinsey found that only one in ten companies maintained above-GDP growth and remained in the S&P 500 over 30 years. According to KPMG, 96% of organizations are in some phase of transformation. We all know transformation is constant and change and adaptation are essential. The important question isn't whether ongoing transformation is needed, but how best to ensure success.

Transformational Initiatives Usually Fail

While the exact percentage of transformational initiatives that fail may be hard to quantify precisely, reputable sources agree that most do fail. For example, Harvard Business Review places the failure rate at 88% while McKinsey says it's 70%. Furthermore, KPMG found that more than half of the executives surveyed believe their organization is unable to deliver the intended outcomes from future transformational initiatives. No doubt this skepticism is rooted both in past failures and the recognition that complex change, especially when involving us humans, is inherently difficult.

It's Not as Easy as Following Simple Best Practices

I've reviewed many analyses on why transformational initiatives fail, I've lived through quite a few, and have reflected often. While it is true that some causes of failure are more common than others, it's not possible to distill all relevant causes down to a small list of five or seven or ten. Consider the following failure causes identified by reputable consulting companies and sources:

- No clear case for change
- Incomplete or unclear strategy
- Lack of short-term wins
- Unaddressed resistance
- Unrealistic expectations
- Poor communication
- Poor employee engagement
- Insufficient people development
- Inadequate sponsorship
- Shallow talent pool
- Lacking sense of urgency

Table 1. Sample reasons why changes fail

While the list above is helpful, it doesn't begin to address all of the important causes. For example, it doesn't capture issues in strategic planning and estimation, portfolio management causes such as poor initiative dependency management, legal risk, partner contractual risk, regulatory risk, delivery risk, security risk, etc. While it's infeasible to manage and mitigate every possible risk, we can and must be more thorough than is customary.

Handling Transformational Change Methodically and Scientifically

Let's explain this concept by analogy. Climbing Mount Everest is a risky endeavor. Planning a climb requires one to two years of planning and preparation, everything from personal conditioning, navigation skills, emergency and first aid procedures and supplies, communication equipment, high-altitude clothing, permits, and the list goes on. So complicated are planning and preparation that expedition companies have emerged providing comprehensive guidance based on years of experience.

While major transformational initiatives are generally not life threatening like mountain climbing, they share many of the same challenges, at least conceptually. For example, both are complex, involve nuanced planning and risk mitigation, and require a comprehensive and

methodical approach to execute successfully. Both are also bolstered by partnering with those who have spent much time distilling the multifaceted planning process into repeatable tools and experience-based procedures. Success comes not by following a few tips, but by following a comprehensive method and plan.

Consider the following graphic. While it's not meant to cover every organizational discipline that may be involved in a transformational initiative, it gives a sense of the multidisciplinary nature. For example, lack of strategic clarity and alignment is often implicated as a common cause of transformation failure. Let's break that down, is it because that strategic intent was unclear or unknown, or wasn't well articulated during strategic planning, or wasn't appropriately factored into product designs, or operational measures were never established to know whether results were attained, or maybe from a change management perspective it wasn't clear who was accountable to verify results attainment? As you can see, it's complicated and responsibilities transcend organizations and disciplines.
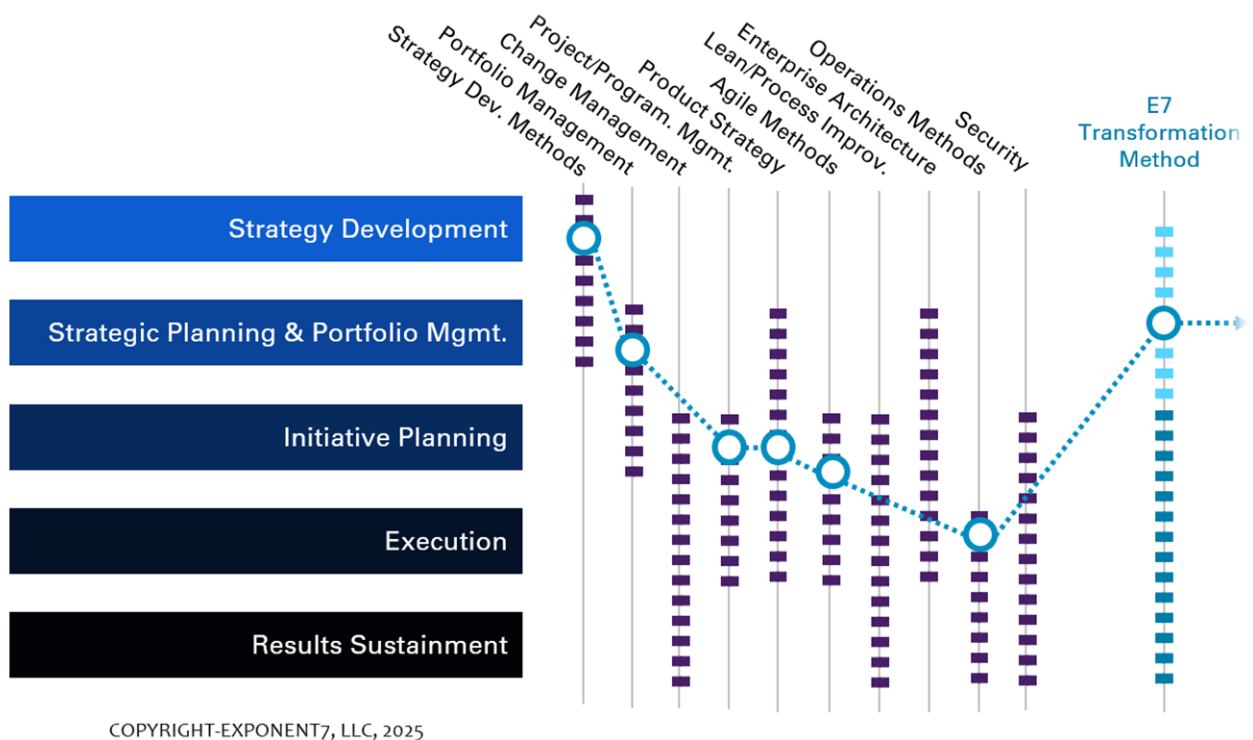

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Figure 1. Circles depicting the cross-discipline impact of a strategy risk

When initiatives fail, we end up blaming each other, which is neither helpful nor leads to greater success in the future. We often see initiative failure as the failure of an individual. While accountability is essential, this rarely leads to the true insights and prevention.

As we can see, a comprehensive planning toolkit and knowledge base is needed to maximize success. A method is needed that spans organizations and disciplines, and mitigates risks across areas, especially those that fall in the cracks between areas or have multiple stakeholders.

At Exponent7, we've developed such a methodology that covers end-to-end, from strategy development to results attainment. It doesn't replace existing methods but wraps around them providing comprehensive controls to mitigate causes of failure. Seven types of risk are considered and managed as depicted below.
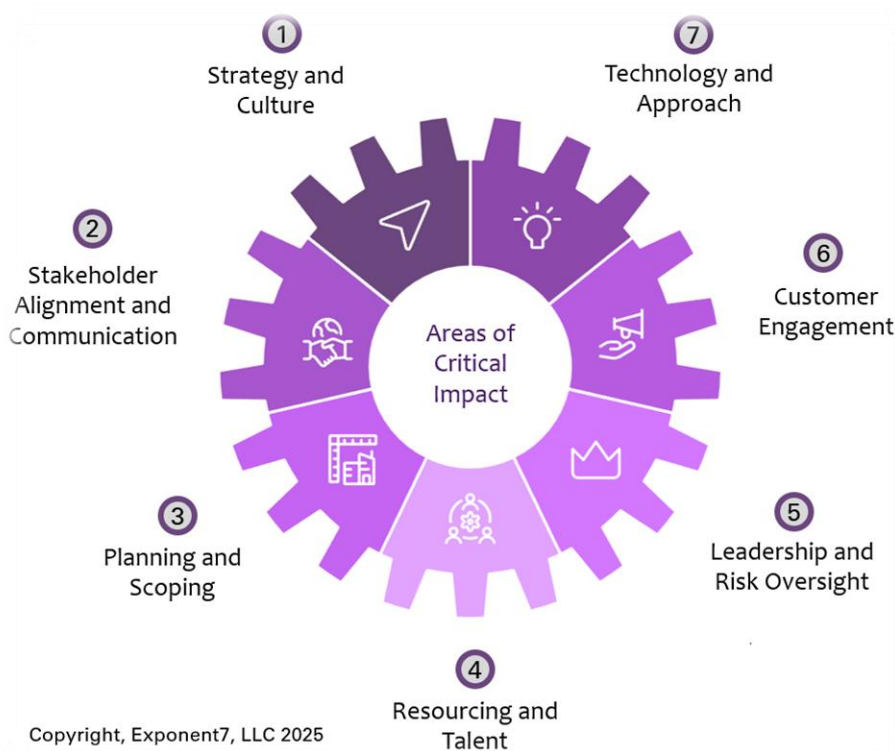

① Strategy and Culture

② Stakeholder Alignment and Communication

③ Planning and Scoping

④ Resourcing and Talent

⑤ Leadership and Risk Oversight

⑥ Customer Engagement

⑦ Technology and Approach

Areas of Critical Impact

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Figure 2. Risk categories managed across process & disciplines

By looking across the strategy-to-results lifecycle, and across organizations and disciplines, and across risk categories, we've created a method that brings the knowledge, tools, and guidance needed to maximize success. The truth is, there are no shortcuts to ensuring transformation success, but thorough, experience-based methods can drastically reduce surprises and failures.

We hope you found this helpful. Please reach out at any time to contact@exponent7.com if you'd like further information.

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