

Transformation Practice

The transformation office: Key success factors

A great transformation office is like a winning coach who pushes and encourages everyone to reach their goals.

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When staffed with the right people, a transformation office will lead an organization to success. In this video, McKinsey associate partners Chris Angevine and Darius Bates discuss how this office increases and accelerates the impact of a transformation by driving accountability and transparency.

Interview transcript

Chris Angevine: We've identified a few key factors that make "roadmapping" successful. In addition to setting specific milestones to track progress, companies need to create a strong transformation office.

Darius Bates: Many of the initiatives that we will design in the roadmapping process will end up being cross-functional, which means a lot of people have to work together. So you need a central body that says, "Hey, you should talk to this person from finance, because they were thinking about the same thing." Or, "If you don't get HR or shared services involved, they may not understand why you're shifting additional work to them, and that can lead to problems down the road."

Chris Angevine: The transformation office is charged with facilitating and helping drive the entire organization to go get its targets. So as you move into implementation, you need a transformation office that is fully staffed and ready to manage those activities.

Darius Bates: The primary role of the transformation office is to increase and accelerate the impact of the transformation by driving accountability and transparency.

Chris Angevine: The transformation office is not responsible for each individual target. Instead, functional owners, or owners within the business units, lead those efforts and go after them.

Darius Bates: The transformation office is led by a C-suite-level executive, such as a chief transformation officer, who sets a strict cadence of meetings with all of the transformation contributors on a regular basis. This person will ask: "Have you made the progress you said you were going to make? Have you captured the value you said you were going to capture?"

Chris Angevine: And as Darius was saying, the transformation office holds them accountable to specific plans and milestones that ensure that the transformation is progressing on schedule.

Darius Bates: Many times, transformation efforts fail because organizations won't make critical decisions. That's when the transformation office needs to escalate issues to the senior leadership so that a decision is made. When the transformation office does that well, it drives a step change for the organization.

Building a transformation office

Chris Angevine: Let's talk a little bit about who's in the transformation office. In some cases, we find it helpful to bring in outsiders. You may want a mix of people who have been working in the company for a long time and really understand it as well as those who might bring a new perspective. Often, it's that 50-50 mix of new blood and legacy employees that can be particularly helpful.

There's also a knowledge set or expertise that's often required. Having real IT knowledge is essential because almost any transformation is going to put significant stress on your IT budget, whether that's because of growth investments or changes caused by cost-cutting or performance-improvement expectations. IT is going to be essential.

Darius Bates: We recommend that companies dedicate a central finance person to the transformation office. This person will leave their day-to-day role to help coordinate the finance-team efforts within the

transformation office. He or she then manages or leads finance professionals who have been dedicated to the individual transformation initiatives.

This person drives consistency in how everyone thinks about business plans, whether it's how to pressure-test assumptions, set deadlines, or fund initiatives. This kind of robust communication strengthens the organization's confidence that it is following a carefully designed process to bring its initiatives to life.

Chris Angevine: For some initiatives, particularly on the growth side, the transformation office can help identify the capabilities that are required—as well as understand the realities of the marketplace. They can assess the competitive landscape or forecast demand to help the teams advance on their initiatives.

All in all, it's important to make sure that we pull the right portfolio of talent, including the individuals beneath the chief transformation officer. That's critical to making sure the transformation is successful.

Chris Angevine and **Darius Bates** are associate partners in McKinsey's Atlanta office.

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