Cloud and agile transformation in large enterprises

By Thomas Smart
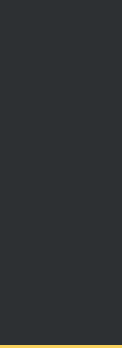
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Introduction

The Lippitt-Knoster Model for Managing Complex Change is a framework that has played a pivotal role in guiding organisations through transformational change since its development in the 1980s. Rooted in the principles of change management and organisational development, the model was introduced by Dr Mary Lippitt and later adapted by Timothy Knoster. Its enduring relevance lies in its simplicity and comprehensive approach to addressing the multifaceted challenges of organisational change. Knoster is responsible for adding the extra component "Consensus", which I have renamed to "Alignment" in this whitepaper. I think this is more suitable and generally better understood in a modern context.

Vision	Alignment	Skills	Incentives	Resources	Action plan	Change
~~Vision~~	Alignment	Skills	Incentives	Resources	Action plan	Confusion
Vision	~~Alignment~~	Skills	Incentives	Resources	Action plan	Sabotage
Vision	Alignment	~~Skills~~	Incentives	Resources	Action plan	Anxiety
Vision	Alignment	Skills	~~Incentives~~	Resources	Action plan	Resistance
Vision	Alignment	Skills	Incentives	~~Resources~~	Action plan	Frustration
Vision	Alignment	Skills	Incentives	Resources	~~Action plan~~	False starts

Introduction

At its core, the Lippitt-Knoster Model identifies six critical elements necessary for successful change: Vision, Alignment, Skills, Incentives, Resources, and Action Plan. The model posits that the absence or inadequacy of any one of these elements can lead to specific, predictable outcomes that hinder the change process, such as confusion, sabotage, anxiety, resistance, frustration, and false starts. This diagnostic approach enables organisations to preemptively identify and address potential barriers to change, ensuring a smoother transition and a higher likelihood of success.

The model's inception in the 1980s marked a significant advancement in the field of change management. During a time of rapid technological innovation and shifting market dynamics, businesses and organisations sought effective strategies to navigate the complexities of change. The Lippitt-Knoster Model provided a transparent, actionable framework that resonated with leaders and change practitioners alike, offering a holistic approach to managing the human, technical, and operational aspects of change.
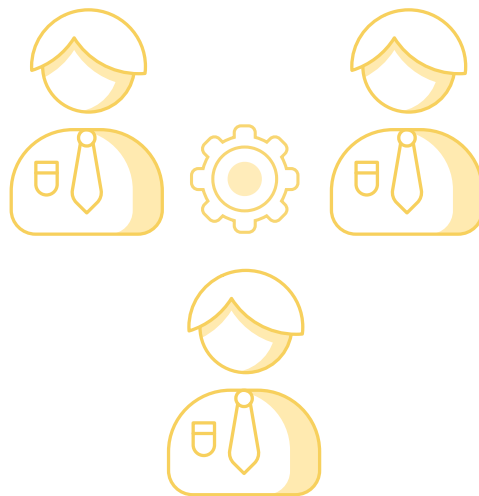
Introduction

The model's emphasis on the human elements of change — such as the need for a shared vision, alignment between individuals, appropriate skills, and motivational incentives — highlights the importance of addressing the psychological components of organisational transformation as well as the logical. This balanced approach has contributed to the model's longevity and adaptability, making it as relevant today in the context of digital transformation as it was in the 1980s, particularly in large enterprises.

The Lippitt-Knoster Model's enduring appeal can also be attributed to its flexibility and applicability across various types of change initiatives, whether technological, cultural, or structural. By providing a framework that is both structured and adaptable, consultants and organisations can tailor their change management strategies to meet each of the model's components contextualised to the needs and limitations of the organisation. Thus creating initiatives suitable to the organisation where transformative change can succeed.
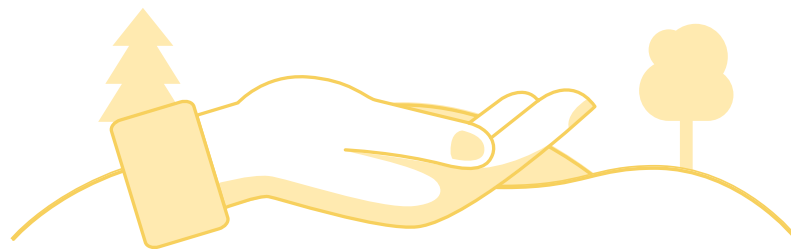
Digital transformation

The relevance of the Lippitt-Knoster Model in the context of digital transformation, particularly for large enterprises adopting cloud technologies and moving towards more agile ways of working, cannot be overstated. This model offers a structured approach to identifying and managing potential gaps that can derail transformational efforts. As organisations navigate the transition from traditional IT infrastructures to cloud-based services or from waterfall to agile methodologies, the challenges they face are predominantly organisational, cultural, and human in nature. The Lippitt-Knoster Model provides a lens through which these challenges can be viewed, understood, and addressed effectively, one component at a time.

Digital transformation in large enterprises is increasingly becoming synonymous with the adoption of cloud technologies and agile methodologies. Cloud computing represents a fundamental change in how businesses store data, deploy applications, and leverage technology to drive efficiency and innovation. This convergence reflects a comprehensive shift not only in how businesses leverage technology but also in how they organise, prioritise, and execute work. Digital transformation, underpinned by cloud adoption and agile practices, represents a significant change across people, processes, and technology, necessitating a strategic approach well-addressed by the Lippitt-Knoster Model's components.

Vision

The vision for digital transformation should encompass the strategic goals enabled by cloud technologies — such as scalability, flexibility, and cost efficiency — and the operational agility offered by adopting agile methodologies. This dual focus aims to enhance responsiveness to internal and external customer needs, improve product quality, and foster innovation. Establishing a clear vision helps align stakeholders and guide decision-making, serving as a cornerstone for both cloud and agile initiatives.
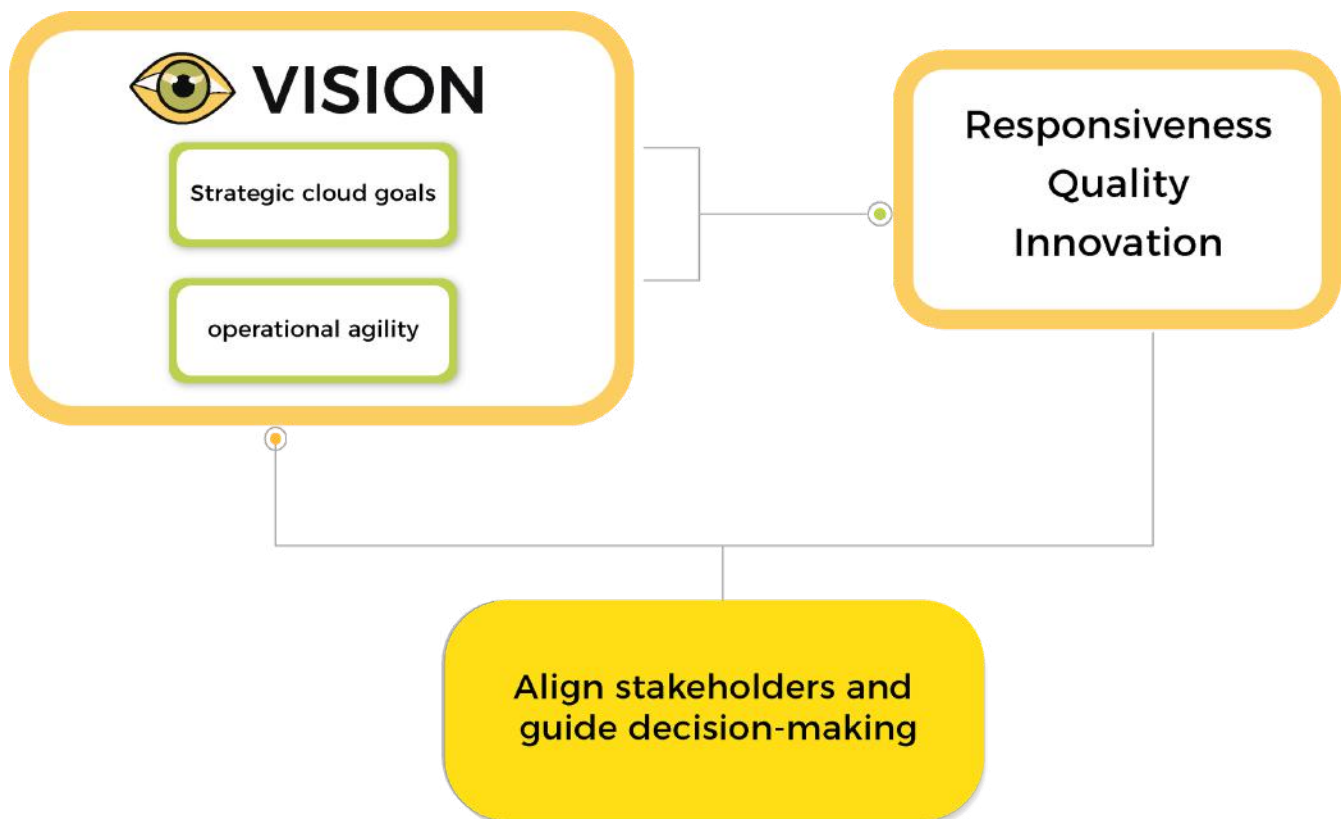
Alignment

Alignment is critical in ensuring that the organisation's strategic vision is seamlessly integrated with its execution capabilities. In the context of agile adoption, alignment involves synchronising team practices and project goals with the broader strategic intent, ensuring that agility permeates the organisation and directly contributes to achieving its objectives. In cloud adoption strategy, alignment is driven by top-down support and a centralised cloud team such as a Cloud Centre of Excellence, which is responsible for aligning digital strategies with business goals, operational processes, and organisational culture.

Strategic vision

synchronised team practices
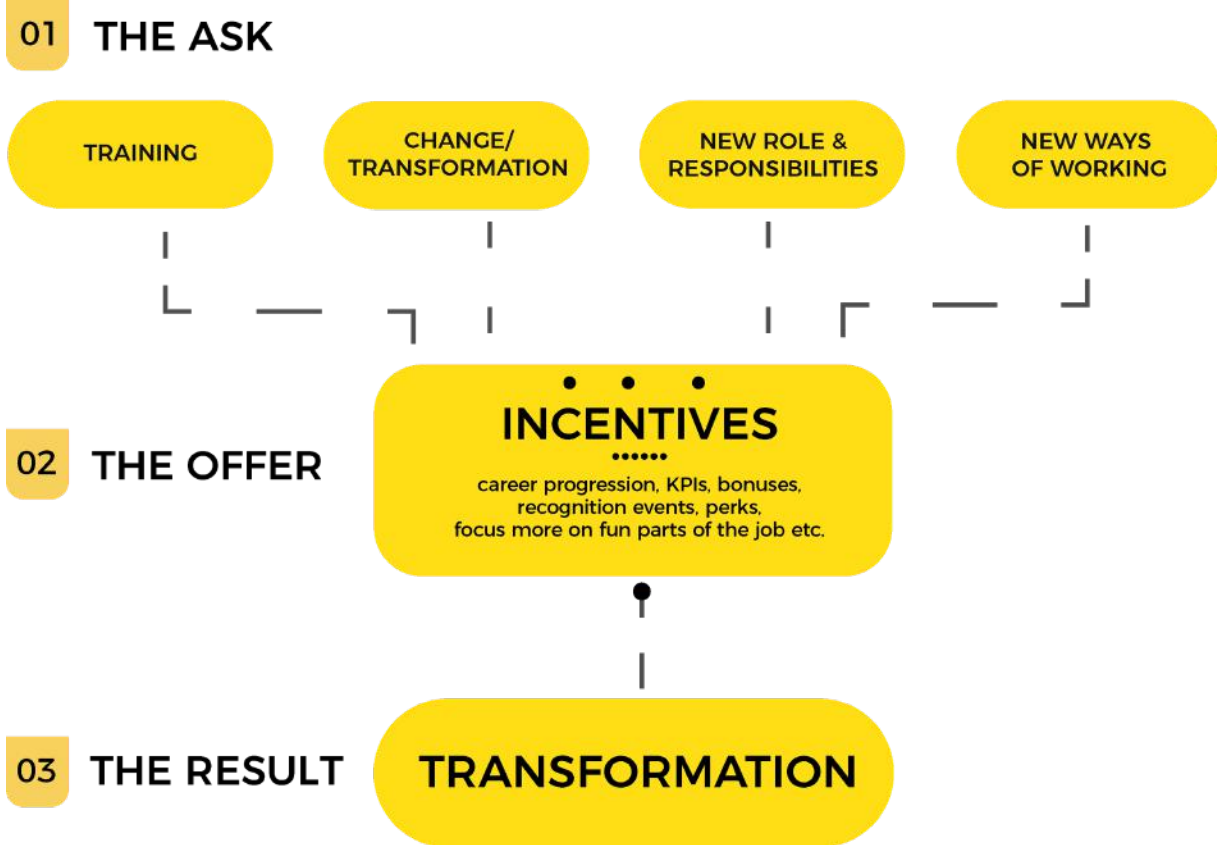
Execution capabilities
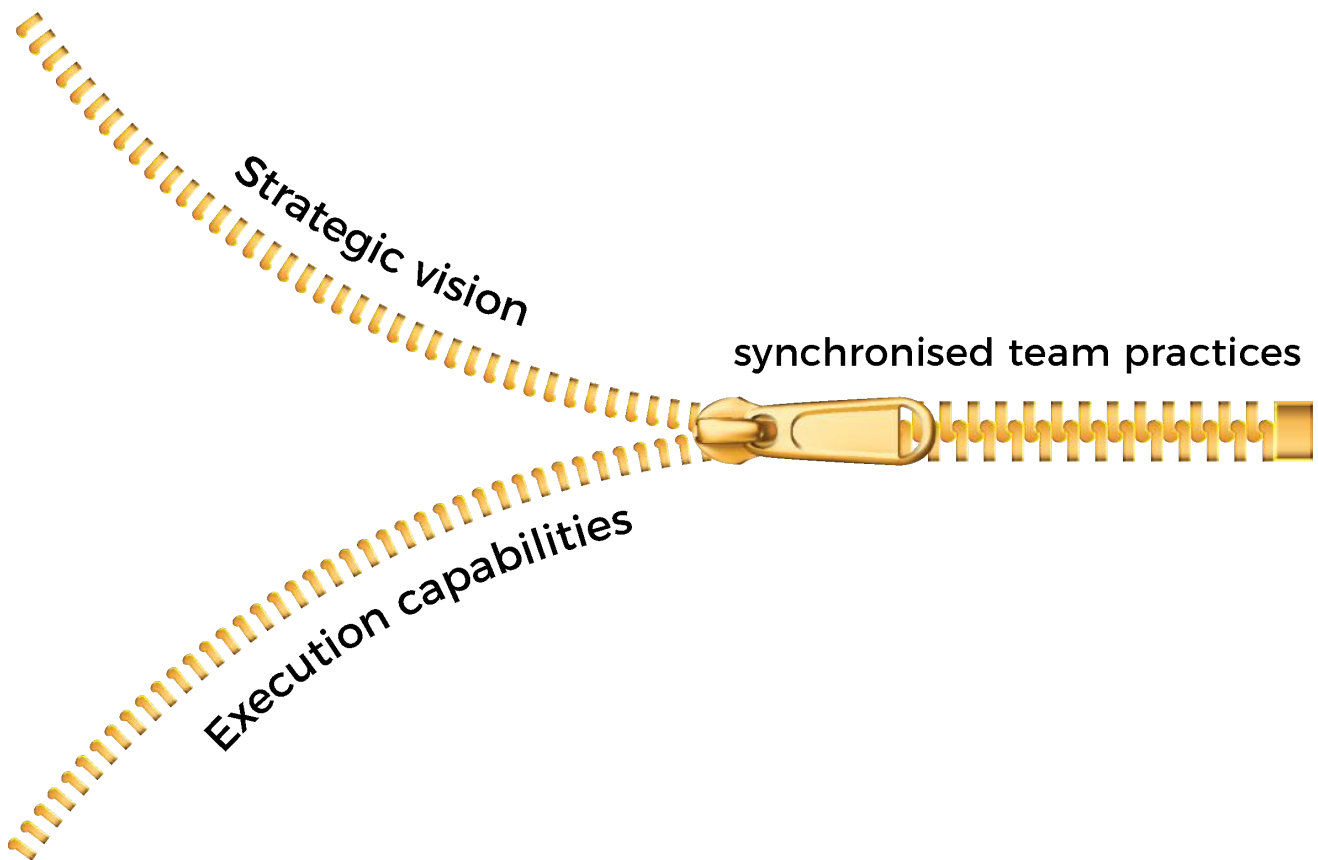
Skills

The transition to cloud and agile demands a diverse set of skills. Agile adoption requires expertise in agile principles, practices, and frameworks alongside soft skills such as teamwork and adaptability. Addressing these needs involves training, hiring, or forming partnerships, with an emphasis on continuous learning and development. In cloud adoption strategy, an education & advocacy team will assess and improve competencies in cloud architecture, security, compliance, and other areas.

Upskilling staff

Hard skills
(agile practices, cloud architecture)

Hiring talent

Continuous learning and development

Soft skills
(attention to detail, problem solving, collaborations)

Partnerships

Incentives

Motivating employees to embrace both cloud technologies and agile methodologies requires aligning incentives with the transformation's desired outcomes. This alignment might include rewards for achieving certifications, recognition for innovation, or opportunities for career advancement. Incentives should promote collaboration, continuous improvement, and a customer-focused mindset, supporting the values central to both cloud and agile transformations. In cloud adoption strategy, an education & advocacy team will address incentives by partnering with HR teams.

01 THE ASK

| TRAINING | CHANGE/ TRANSFORMATION | NEW ROLE & RESPONSIBILITIES | NEW WAYS OF WORKING |

02 THE OFFER

INCENTIVES

career progression, KPIs, bonuses, recognition events, perks, focus more on fun parts of the job etc.
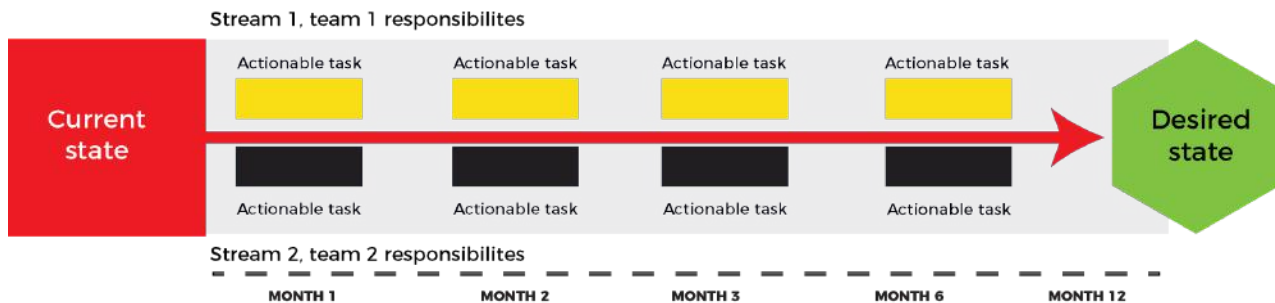
03 THE RESULT   **TRANSFORMATION**

Resources

Successful digital transformation requires substantial resources, including financial investment, technology, and dedicated people, alongside tools for collaboration, cloud management, and agile practices. Organisations must ensure visible top-down support, sufficient budget, and, if needed, leverage external expertise to provide the right people to achieve meaningful change. In cloud adoption strategy, resources are provided by establishing a centralised cloud team, such as a Cloud Centre of Excellence, with dedicated people and sufficient budget to enact meaningful change.
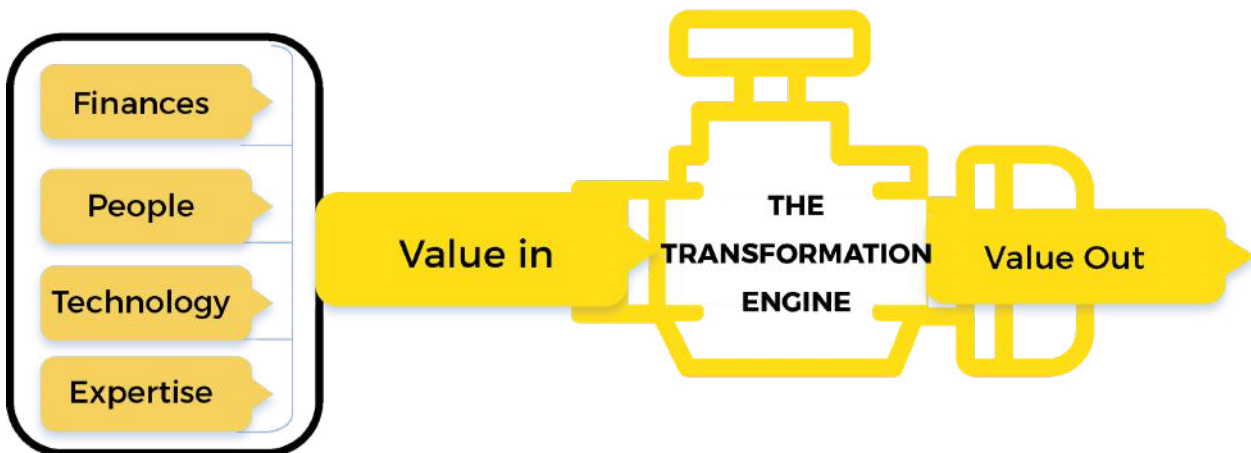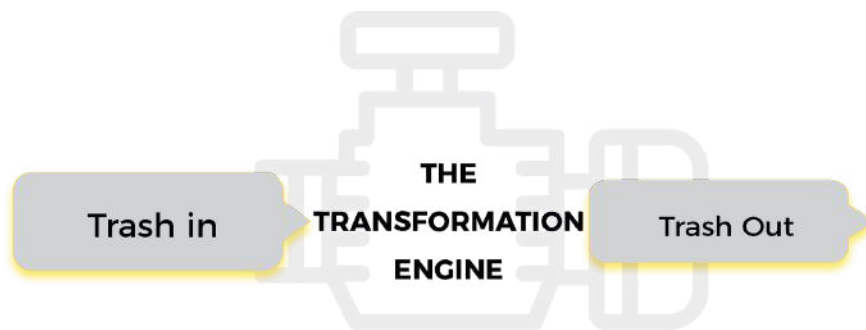
Action plan

A detailed action plan is essential for coordinating the transition to both cloud computing and agile methodologies. The keyword here is "Action". The plan should not be aspirational targets but specific, actionable tasks on a roadmap to change. This plan should outline steps, timelines, and responsibilities, ensuring that efforts are coherent and milestones are achieved. Agile transformation plans should detail the phases of adoption, from pilot projects to full-scale implementation, with mechanisms for feedback and iteration. In cloud adoption strategy, the action plans are laid out in the strategy blueprint and the operating model. Additional, more focused plans can be detailed in strategies for business process re-engineering (BPR), financial operations (FinOps), DevOps, and others.

Stream 1, team 1 responsibilites

| Actionable task | Actionable task | Actionable task | Actionable task |

Current state → Desired state

| Actionable task | Actionable task | Actionable task | Actionable task |

Stream 2, team 2 responsibilites

MONTH 1 · MONTH 2 · MONTH 3 · MONTH 6 · MONTH 12

The integration of cloud adoption and agile methodologies into a single strategic framework for digital transformation highlights the interconnected nature of these initiatives. By ensuring the presence of vision, alignment, skills, incentives, resources, and an action plan, organisations can navigate the complexities of transformation more effectively, ensuring that technological advancements and new ways of working drive substantial business value and sustainable growth.

Why don't we see more of this framework?

Despite the Lippitt-Knoster Model being a well-established framework since the 1980s, offering a clear roadmap for managing complex change, many enterprises today still find themselves struggling with digital transformation efforts because of missing one or more of the model's components — Vision, Alignment, Skills, Incentives, Resources, or Action plan.

One reason could be "unknown unknowns" — they don't know what they don't know. Frameworks for managing complex change, such as the Lippitt-Knoster Model, are often seen as tools for consultants who specialise in organisational change and transformation. These consultants actively seek out, learn, and apply these frameworks across various industries and organisations to further their knowledge and career aspirations. In contrast, internal managers tend to be more focused on the known aspects of their organisation, the people, budgets, culture, and day-to-day operations that are often a higher priority than learning about consulting frameworks. As a result, they may not be exposed to such models as part of their typical educational or professional development paths.

The underestimation of cultural resistance to change is another common oversight. Organisational culture plays a crucial role in digital transformation, yet changing an established culture is more challenging than updating technology or processes. Different departments and teams each have their own priorities and opinions towards other components in the model. Enterprises might recognise the need for a new vision or action plan but underestimate the incentives required to motivate behavioural changes among employees. This resistance can stall transformation efforts despite the presence of other elements.

Why don't we see more of this framework?

Many enterprises are pressured to deliver short-term results, which can conflict with the long-term nature of successful digital transformation. This pressure can lead enterprises to prioritise immediate gains and low-hanging fruit over the comprehensive planning and resource allocation necessary for transformation. Consequently, elements such as a detailed action plan or the development of new skills may be neglected in favour of quick wins, jeopardising transformational progress.

The sheer size and complexity of large enterprises can make it difficult to maintain a consistent focus on all components of the Lippitt-Knoster Model. Coordinating vision, skills, incentives, resources, and action plans across thousands of employees and multiple global locations is a monumental task. This complexity can lead to oversights, where one or more components of the model are not well-understood, adequately addressed, or integrated into the transformation strategy.

The consultant vs internal dynamic

Business consultants are brought into organisations to provide expertise, an external perspective, and recommendations for best practices, including frameworks for managing change. However, their role is often advisory, which means they can suggest changes based on models like Lippitt-Knoster but lack the authority or tenure within the organisation to drive those changes end-to-end.

The dynamic between consultants and internal management can be complex. Even when supported by management, consultants' recommendations may be met with scepticism or resistance at the operational level due to a variety of factors, including perceived threats to internal autonomy, questions about the applicability of generic models to specific organisational contexts, and the transient nature of consultants' engagements with the organisation. These challenges are not helped by some consultants themselves, who can be a bit vague and generic in their advice, may provide lofty objectives without actionable next steps, and, due to short engagements focused on strategy design, are often perceived as having a lack of accountability for execution and seeing things through.

This perception of consultants within an organisation can significantly impact the implementation of change management frameworks. When consultants are viewed with scepticism or as outsiders without a deep understanding of the company's unique challenges, their recommendations are often not taken as seriously as those coming from a trusted internal leader. Furthermore, since consultants typically do not transition into permanent managerial roles within client organisations, they will not have the opportunity to oversee the implementation of their recommendations, limiting their influence on actual change and decision-making processes.

The consultant vs internal dynamic

Another critical aspect is the transfer of knowledge and capacity building within the organisation. For digital transformation to be successful, it's not enough for external consultants to understand and advocate for the application of frameworks like the Lippitt-Knoster Model. There needs to be a concerted effort to educate, train, and empower internal managers and leaders on these frameworks. This involves not just a transfer of knowledge but also the development of internal champions who can advocate for and implement these models as part of the organisation's culture and operational approach to change.
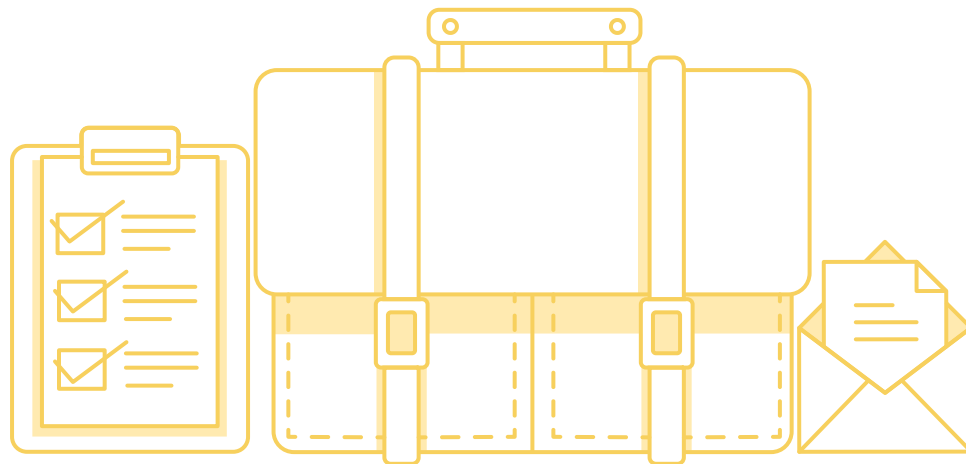
"It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change."

- Charles Darwin

02. Vision

02. Vision

A vision establishes a clear and compelling picture of the future state of an organisation. It must go beyond hopeful aspirations and set strategic and actionable goals. In digital transformation, particularly involving cloud technologies and agile methodologies, such goals could include scalability, flexibility, and cost efficiency through cloud adoption alongside operational agility via agile best practices. This vision serves as the organisation's North Star, guiding decisions and aligning efforts towards enhanced responsiveness to customer needs, improved product quality, cost reduction, and increased innovation. Within cloud adoption strategies, this vision is often described in detail in an Operating Model document, which articulates how the organisation will operate in its desired to-be state.

A well-articulated vision is crucial for several reasons. It aligns the organisation's efforts, ensuring that every stakeholder, from leadership to frontline employees, moves in concert towards common objectives. This alignment is not just motivational; it's strategic, influencing the setting of objectives and milestones that mark the path of the transformation journey. The vision acts as the foundation of the transformation strategy, offering a sense of purpose and direction that is essential for navigating the complexities of digital and agile transformations. By providing clear, measurable objectives, the vision facilitates accountability and progress tracking, ensuring that the transformation effort remains focused and effective. The vision also paints the picture of what good looks like and what staff can look forward to after what will inevitably be a difficult transformation to a new way of working.

02. Vision

Without a clear vision, digital cloud and agile transformations face significant challenges. The primary risk is confusion; without a unified direction, efforts become fragmented, leading to inefficiencies and wasted resources. Employees and stakeholders may find themselves pulling and pushing in different directions, resulting in diminished morale, wasted resources, and a lack of progress. The absence of a vision means the transformation lacks a coherent narrative, making it harder to secure buy-in and sustain momentum over the long term.

Identifying a missing vision

Recognising the absence of a clear vision involves looking for signs of misalignment and confusion within the organisation. Key indicators include the following.

Lack of clarity about the transformation's objectives among employees and stakeholders.
This indicates that the vision has not been communicated effectively or is too vague, leading to confusion about what the transformation aims to achieve.

Diverse interpretations of the transformation's goals and outcomes.
When different teams or individuals have varying understandings of the transformation's purpose, it suggests the vision is not clearly defined or articulated.

Teams understand the objectives, but there are significant inconsistencies in execution or lack of activity towards the vision objectives.
Vision objectives are well articulated/communicated but are too aspirational and missing a roadmap of actionable tasks to guide teams towards achieving them.

Initiatives that seem disconnected or contradictory.
Projects that do not clearly align with or directly contradict each other can signal a lack of a coherent, guiding vision that ties all efforts together.

Difficulty in prioritising projects or allocating resources effectively.
Without a clear vision, decision-makers may struggle to determine which projects should be prioritised and where resources should be allocated, leading to inefficiencies.

Challenges in measuring progress or defining success.
An absence of well-defined metrics rooted in the vision makes it hard to track progress or evaluate the success of the transformation efforts. Similarly, the current state must be understood and quantified in baselines to compare progress against.

Frequent changes in direction without clear justification.
If the organisation frequently shifts strategies or changes project scopes without linking back to a stable vision, it indicates the guiding vision is either missing, not understood, or not being adhered to.

Frequent organisational team and structure changes.
Multiple changes to team and structure that don't complement each other or are not working towards a single particular goal can indicate a "trial and error" approach to resource management, a result of lacking a clear vision and plan.

People assigned to new roles that don't have a clear job description or responsibilities.
When people are assigned to roles without any clear responsibilities and told to "figure it out", it can indicate that management has decided they need a particular role for a given way of working, without really understanding the role's purpose. This is often a result of lacking a clear plan to achieve the vision.

Low morale and engagement among employees.
Low motivation and engagement, as employees may not see the value or purpose in their work related to the transformation.

Resistance to change within the organisation.
Because they do not understand the vision or the benefit of the changes to the organisation or themselves. "What's in it for them"?

Lack of customer focus in initiatives.
If initiatives seem to overlook or misalign with internal or external customer needs and expectations, the vision may be incomplete or not effectively guiding the transformation towards customer-centricity.

Inconsistent communication about the transformation's purpose and expected outcomes.
Varied messages about the transformation's goals, coming from different sources within the organisation, suggest a lack of a unified vision.

Minimal cross-departmental collaboration on transformation projects.
Siloed working patterns, with little to no collaboration between departments on transformation initiatives and where each department is focused on their interpretation of the vision and their own priorities.

Feedback from stakeholders is consistently not incorporated.
Ignoring stakeholder feedback, especially when it pertains to aligning with the transformation's goals, may show that the vision is not adaptable or inclusive.

Identifying a missing vision

Identifying these indicators provides an opportunity to address gaps in the vision for digital transformation. The following questions can be asked within the organisation to help determine if the vision is missing or incomplete.

Can employees articulate the transformation's goals and how their work contributes?
This question assesses the level of understanding and engagement among employees regarding the transformation objectives and their role in achieving them.

Do you know why the transformation is happening and why this approach is being taken?
An understanding of the reason for the transformation is just as important as understanding the objectives, approach, and value proposition of the transformation. Without understanding "why," it is difficult to justify the effort involved.

Do you understand what benefits the transformation will bring to you/staff/customers?
The objective of a transformation is to bring value. That value should be well understood in the context of each person, i.e. what does it do for them? Without this understanding, it's hard to justify the inevitable turmoil a transformation brings.

Identifying a missing vision

Are there clear, measurable objectives tied to the transformation effort?
The presence of specific, quantifiable goals is indicative of a well-defined vision that guides the transformation process.

Do projects and initiatives align with a central narrative about the future state of the organisation?
 This evaluates whether individual efforts contribute to a cohesive understanding of the intended outcome of the transformation.

How does leadership communicate the vision and its importance to the entire organisation?
Effective communication from the top is crucial for embedding the vision throughout the organisation.

What mechanisms are in place to ensure ongoing alignment with the vision during the transformation?
This seeks to understand the strategies employed to maintain focus and adjust the course as needed.

How are feedback and insights from various levels of the organisation incorporated into refining the vision?
A vision that adapts to incorporate feedback is more likely to stay relevant and resonant with the organisation's needs.

Identifying a missing vision

In what ways have customer needs and expectations been considered in shaping the vision?
Ensuring that the vision aligns with customer expectations is critical for the success of the transformation.

Are resources, including time and budget, allocated in a manner that supports the vision?
The allocation of resources is a tangible indicator of the organisation's commitment to the vision.

How are successes and achieved milestones celebrated within the organisation?
Communicating and celebrating meaningful progress is essential for maintaining momentum, managing morale, and reinforcing the vision's relevance.

What challenges or obstacles have been encountered in aligning the organisation's culture with the vision?
Cultural alignment is often one of the most challenging aspects of a transformation, and understanding these challenges is key to addressing them.

Identifying a missing vision

Is there a clear understanding across the organisation of how the digital transformation will impact day-to-day operations?
Employees' understanding of the practical implications of the transformation indicates the vision's clarity and comprehensiveness.

How does the organisation ensure that all stakeholders, including external partners and customers, are aligned with the transformation vision?
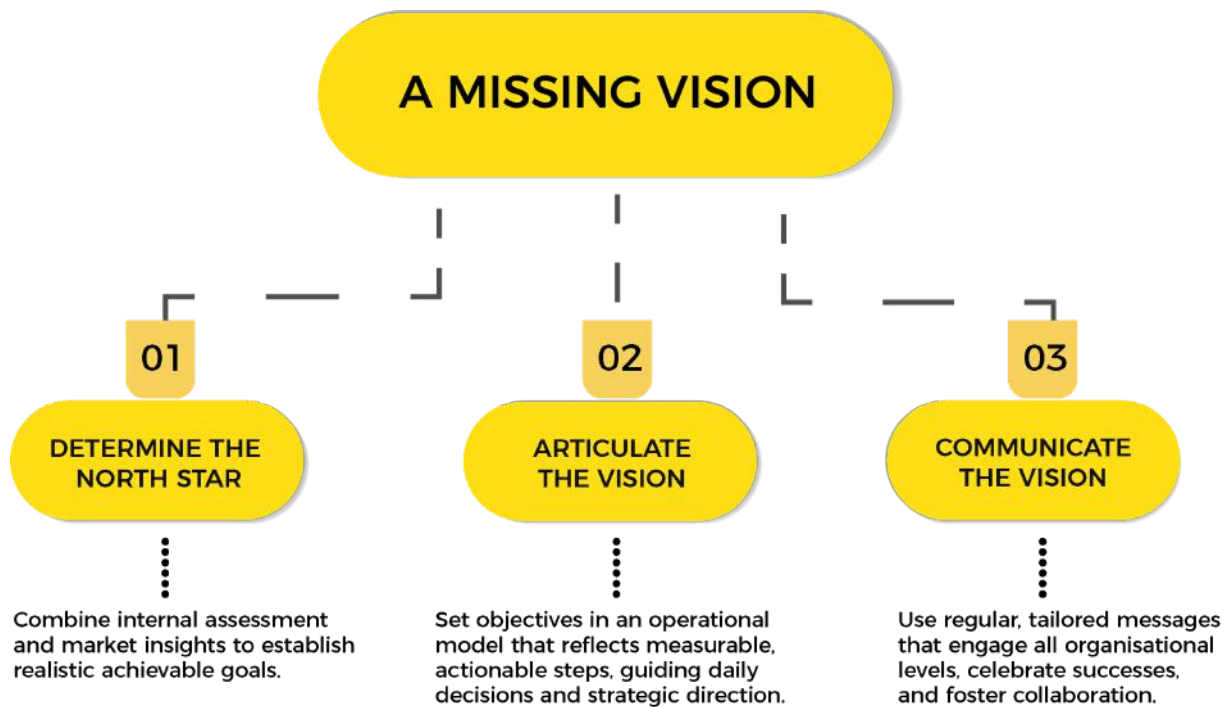Stakeholder alignment is crucial for a seamless transition and for maximising the benefits of the transformation.

These questions, when asked across different levels and departments, can uncover gaps in the organisation's collective understanding and commitment to the transformation vision. As with the key indicators, identifying gaps early allows for timely interventions to clarify, refine, and communicate the vision.
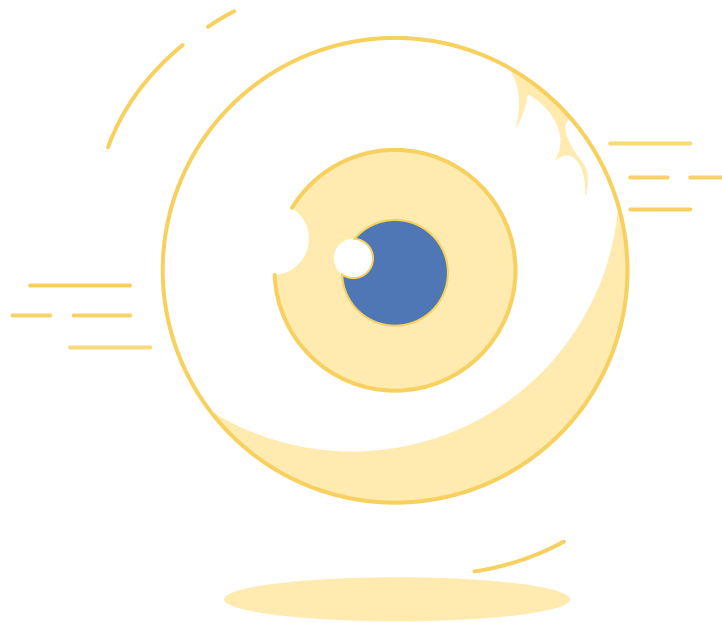
Addressing a missing or incomplete vision

Addressing the vision gap in digital transformation starts with determining a North Star, followed by describing how to achieve it, then effective communication and setting the stage for alignment — the next component of the transformation model.

A MISSING VISION

01 DETERMINE THE NORTH STAR

Combine internal assessment and market insights to establish realistic achievable goals.

02 ARTICULATE THE VISION

Set objectives in an operational model that reflects measurable, actionable steps, guiding daily decisions and strategic direction.

03 COMMUNICATE THE VISION

Use regular, tailored messages that engage all organisational levels, celebrate successes, and foster collaboration.

Addressing a missing or incomplete vision

Determining a North Star »

The journey to a clear vision starts by engaging leadership and stakeholders for a thorough consideration of the organisation's unique context, capabilities, and aspirations. We must also look outward, analysing market trends, competitive benchmarks, and industry best practices. By examining how leading organisations have successfully implemented cloud technologies and agile methodologies, valuable insights can be gleaned that inform the ideal state towards which the organisation should aim.

The **ideal state** represents an aspiration, something to achieve over a longer period as the organisation and its people mature to the new way of working. However, this stage is about more than aspiration. It's about grounding those aspirations in the realities and potential of the organisation and setting achievable next steps and near-future milestones. To that end, we create the **adapted or contextualised ideal state**.

This takes into account the organisation's resources, skills, limitations, and strategic objectives. Engaging with leadership and stakeholders to adapt the ideal state ensures that the vision is not only ambitious but also achievable, resonating across all levels of the organisation and reflecting a shared understanding of what success looks like.

Addressing a missing or incomplete vision

Articulating the vision ≫

Once the adapted ideal state is determined, the next step is to articulate the vision in a way that goes beyond buzzwords and motivational speeches, providing actionable and measurable objectives.

Objectives that adhere to the SMART criteria — Specific, Measurable, Achievable, Relevant, and Time-bound — provide a framework for breaking down the vision into achievable steps. For instance, if the overarching vision is to enhance operational efficiency through digital transformation, a specific objective might be to reduce process time by 30% within two years by utilising a mix of business process re-engineering and cloud-based automation to optimise existing processes. Achieving this requires setting clear benchmarks for success and timelines for completion, ensuring that progress can be tracked and measured.

To establish these objectives, organisations must first understand their current state, identifying key performance indicators (KPIs) that align with their vision, and setting baselines to progress from. This might involve cross-departmental workshops to ensure objectives are comprehensive and reflective of the organisation's capabilities and aspirations. By setting measurable targets, the organisation not only has clear markers of progress but also fosters a sense of accountability and direction across all levels.

Addressing a missing or incomplete vision

Embedding the vision and its objectives into an Operating Model illustrates how the transformation will materialise within the organisation. This model encompasses the future state of organisational processes, systems, structures, and culture, detailing the operational changes necessary to achieve strategic goals and run the new state once achieved. For example, adopting cloud technologies might necessitate a shift towards a more flexible, scalable IT infrastructure, requiring changes in IT governance, procurement processes, and skill sets within the IT department.

Developing this model involves mapping out the desired future state of operations, identifying gaps in the current model, and outlining the steps needed to bridge these gaps. This could include adopting new technologies, redefining roles and responsibilities, or introducing new governance mechanisms. Importantly, the Operating Model should be dynamic, allowing for adjustments as the organisation progresses in its transformation journey. A practical approach might involve pilot projects or phased rollouts to test and refine the model, ensuring it effectively supports the achievement of the transformation's objectives.

For the vision to effectively guide the organisation's transformation, it must be integrated into organisational decision-making. This integration ensures that every strategic decision, from budget allocations to project prioritisation, supports the achievement of the transformation goals. It involves aligning strategic planning processes, budgeting exercises, and performance metrics with the vision, embedding it into the organisation's operational rhythm.

Addressing a missing or incomplete vision

Establishing governance structures such as a digital transformation office or agile centre of excellence is a helpful step in maintaining this alignment. These bodies can oversee the transformation's progress, ensuring initiatives are in sync with the vision and objectives. They serve as a central point of coordination, facilitating communication between different parts of the organisation and resolving conflicts or misalignments that arise.

For example, a digital transformation office might regularly review project proposals to ensure they align with the strategic objectives, adjusting funding and resources accordingly. It could also establish a dashboard of KPIs to monitor the transformation's progress, providing regular updates to leadership and stakeholders. This level of integration ensures that the vision is not just a statement of intent but a living, breathing part of the organisation's daily operations, guiding it towards successful transformation.

Articulating the vision in this manner ensures it is more than just an abstract goal with buzzwords and lofty aspirations. Instead, it becomes a concrete and actionable guide that shapes the organisation's path forward. It provides a framework within which every initiative, project, and decision is made, ensuring coherence, accountability, and focus in the transformation efforts.

Addressing a missing or incomplete vision

Communicating the vision »

Effective communication strategies must complement the articulation and operationalisation of the vision. Regular, transparent, and engaging communication is crucial for embedding the vision across the organisation. This not only involves announcing the vision and its objectives but also creating ongoing dialogues that celebrate early wins, address challenges, share lessons learned, and adjust strategies as necessary. Tailoring the communication to different audiences within the organisation ensures the message resonates with everyone, from senior leadership to operational staff.

Effective communication serves not just to inform but also to inspire and motivate, ensuring that the vision is shared and embraced across the organisation. It fosters a culture of openness and collaboration, which is essential for navigating the complexities of digital transformation. Furthermore, by setting the stage for the next chapter — Alignment — this approach ensures that the organisation is not just aligned in terms of objectives and strategies but also in understanding, commitment, and effort towards achieving the digital transformation vision.

As the organisation moves from articulating the vision to aligning its people, processes, and technology with that vision, it transitions from planning to action, from potential to realisation. This segue into alignment underscores the interconnectedness of the components of digital transformation, illustrating how a well-communicated vision is the foundation upon which successful transformation is built.

03. Alignment

03. Alignment

Alignment applies to people, processes, and technology. It's about harmonising the objectives, aspirations, efforts, and capabilities of people across various departments, teams, and individual roles. Alignment builds a shared understanding and commitment towards the organisation's strategic objectives, with consideration for differing approaches and perspectives. It acknowledges that while flexibility in strategies and approaches is viable, the collective movement towards unified objectives is non-negotiable.

Alignment ensures that every facet of the initiative, from process modernisation, to technology investments, to educating individuals about their evolving roles, is integrally linked to the overarching strategic objectives of the organisation. Aligning processes and technologies, though challenging, often follows a logical and straightforward path. However, aligning people and cultivating a shared vision and understanding among diverse teams and individuals poses a considerably more complex challenge. This demands open discussion, comprehensive education, empathy, and diplomacy to navigate the varied human emotions towards change.

For cloud adoption, alignment reflects the integration of digital strategies with business goals, operational processes, and organisational culture, often driven by a centralised cloud team, such as a Cloud Centre of Excellence. They provide top-down support and coordination and ensure initiatives reinforce the strategic objectives.

03. Alignment

Similarly, within agile adoption, alignment is about synchronising team practices, optimising processes, and aligning project goals with the broader strategic intent, thereby embedding agility throughout the organisation to directly support its overarching goals.

The principal advantage of achieving such alignment lies in its capacity to ensure all elements of the digital transformation contribute directly to the strategic aims of the organisation. This alignment facilitates the prioritisation of initiatives, effective resource allocation, and the measurement of success based on business outcomes.

A lack of alignment can result in disjointed efforts where technological solutions or digital projects fail to support the strategic goals, leading to wasted resources, inefficiencies, missed opportunities, and an elevated risk of sabotage — both intentional and unintentional. Sabotage, in this context, doesn't necessarily imply malicious acts but can manifest as resistance to change, withholding information, or reluctance to adopt necessary technologies and processes. Such resistance often stems from a fear of change, unclear transformation objectives, or a failure to perceive the value in new ways of working.

For example, a department persisting in the use of outdated software incompatible with new cloud-based tools due to a lack of perceived benefits effectively undermines the organisation's shift towards digital efficiency. Likewise, if IT and business units are misaligned, IT might deploy solutions that fail to fully satisfy the business's requirements, fostering frustration and a reluctance to engage with new systems.

03. Alignment

In extreme scenarios, individuals or groups within the organisation might actively resist transformation efforts out of fear of job loss or reduced influence, intentionally impeding projects, actively sabotating initiatives, or simply refusing to collaborate.

By ensuring that all parts of the organisation comprehend and are aligned with the vision, leaders can reduce resistance and cultivate a culture of cooperation and shared purpose. Achieving this demands clear communication, inclusive planning processes, and a demonstration of the tangible benefits of change to everyone involved.

Identifying missing alignment

Identifying missing alignment early on allows for timely interventions to realign efforts and ensure the transformation journey remains on course towards achieving its vision and objectives. The following are key indicators of misalignment in regard to the vision.

Siloed initiatives

Projects and initiatives appear disconnected from each other and the broader strategic objectives, operating in silos without clear contributions to overarching goals. There may also be a lot of overlap between initiatives, but each is doing things in a slightly different way. Specifically for cloud adoption, different departments might be using different cloud providers and technology stacks, with no single agreed set of policies to ensure security and compliance.

Conflicting priorities

Different teams or departments prioritise work that seems contradictory or not conducive to the shared vision, indicating a lack of common strategic direction. For example, while one team focuses on improving cost optimisation through automation, another team is contracting a new vendor that has no experience with automation.

Resource misallocation

Resources, including time, budget, and personnel, are allocated to projects that do not clearly support the strategic objectives, suggesting misdirected efforts.

Lack of engagement

A noticeable lack of enthusiasm or commitment to transformation initiatives among stakeholders, possibly due to a lack of understanding of their role or the benefits of the transformation.

Inconsistent messaging

Communication about the transformation's goals and progress varies significantly across the organisation, leading to confusion and mixed messages.

Delayed or failed projects

An increase in projects that are delayed, scaled back, or fail to deliver expected outcomes is often a sign of underlying alignment issues. However, such projects are often coupled with a lack of accountability, and the issues may not be immediately noticeable.

Identifying missing alignment

To test how aligned different stakeholders and teams are with the vision, consider asking the following questions.

How would you describe the digital transformation initiative and its objectives?
This question helps assess the individual's understanding of the transformation's goals and how well they are communicated across the organisation.

How has your team/department contributed to or taken ownership of part of the transformation?
True organisational transformation inevitably impacts all departments. However, when there is a lack of alignment, some departments will often avoid participating or taking ownership of any part of the execution. Their response will also indicate whether team members see the connection between their day-to-day activities and the strategic objectives.

What criteria are you using to prioritise your projects and tasks?
Answers will reveal whether the prioritisation aligns with the strategic goals of the digital transformation.

Identifying missing alignment

How do recent decisions regarding technology investments align with our strategic objectives?
This question aims to uncover how technology decisions support the overall goals of the transformation. Try to contextualise this to the organisation, asking about specific tools or solutions that were recently purchased.

Are there any projects, processes, or initiatives you feel are not contributing to our transformation goals? If so, why?
Responses can identify specific areas where misalignment is perceived, offering opportunities for realignment.

How often do you receive updates on the transformation's progress, and how does this information influence your work?
This question assesses the effectiveness of communication regarding the transformation and its impact on aligning efforts.

What challenges have you faced in aligning your work with the transformation's objectives?
Insights from this question can highlight obstacles to alignment, providing a basis for developing solutions.

Achieving alignment

Achieving alignment demands a structured approach that engages all stakeholders, from executive leadership to operational teams. Assuming the vision is in order, the process begins with clear communication of the vision, objectives, and the role of each department in realising these goals.

Communication plan

A well-structured communication plan is pivotal in ensuring the successful dissemination and understanding of the transformation vision and objectives throughout the organisation. This plan serves as a roadmap for how information about the transformation will be communicated, detailing the channels, frequency, and key messages to be delivered. It aims to ensure that all stakeholders, from the executive team to front-line employees, have a consistent and clear understanding of the transformation's goals, their roles within it, and the benefits it aims to achieve.

Achieving alignment

Critical components of an effective communication plan include the following.

Identification of audience groups
Clearly define who needs to receive information about the transformation. Identify each group's capabilities, interests, and involvement in the transformation so that tailored messages can be crafted for them. Commonly, in digital transformation, there are five primary groups, though within those may be sub-groups where further contextualisation may be required.

1. **Stakeholders**
   The executives, board, and senior decision-makers.

2. **Business teams**
   Individuals focused on business outcomes and KPIs. They are typically not very technical and can include managers, product owners, portfolio heads, and others.

3. **Technical teams**
   Such as application development, data engineering, infrastructure, security, and others.

4. **Advocates**
   The transformation, cloud, or similar specialised team leading the transformation initiative. Typically, this will be the team sending the messages and driving alignment.

5. **End-users**
   The rest of the organisation. In some cases, this may include customers and partners, such as technical vendors or managed services.

Achieving alignment

Message development
Craft clear, concise, and compelling messages that articulate the vision, objectives, and progress of the transformation. Contextualise these messages to resonate with each identified stakeholder group.

Channels of communication
Selecting the most effective channels for reaching different segments of the audience, whether through internal newsletters, town hall meetings, digital platforms, or direct communications. Provide channels that only disseminate information, channels where two-way discussion is possible, and channels where past updates can be found.

Timing and frequency
Determining the optimal timing and frequency of communications to keep stakeholders informed without overwhelming them, including setting up regular updates and feedback loops. Offer flexibility by allowing people to sign up for a weekly digest of all major updates (for example, via email) or for more frequent updates as and when they occur (for example, via a Slack channel).

Feedback mechanisms
Incorporating ways for recipients to ask questions, provide feedback, and engage in dialogue about the transformation, fostering a two-way communication flow. This should include an option to provide anonymous, private feedback, ideally via a trusted third party that guarantees privacy. Regular reviews and adjustments based on feedback and changing business needs are essential components of transformation. They ensure that alignment is achieved and maintained throughout the transformation journey, adapting to meet evolving objectives and challenges.

Achieving alignment

Open discussion and compromise »

Facilitating open discussions among teams and stakeholders is essential for nurturing an environment where diverse viewpoints are valued and considered. Encouraging this open dialogue helps surface any concerns, expectations, and suggestions that different groups may have regarding the digital transformation. Recognising that not all perspectives will initially align with the transformation's vision and objectives, compromise becomes a tool for finding a middle ground that respects various viewpoints while still advancing the overall goals. However, the process of compromise must be managed carefully to ensure it does not dilute the transformation's objectives or lead to solutions that stray from the strategic vision.

- **Create forums for dialogue**
  Set up dedicated spaces, whether physical or virtual, where individuals can openly discuss transformation-related topics.

- **Guide and moderate discussions**
  Have facilitators guide conversations to ensure they remain productive, focused on solutions, and aligned with the transformation's objectives.

- **Decision-making protocols**
  Establishing clear protocols for decision-making that allow for compromise but also provide mechanisms for moving forward when consensus is not possible.
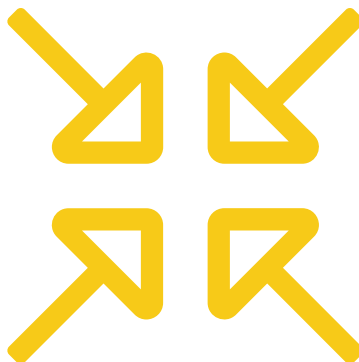
Achieving alignment

In cases where alignment proves particularly challenging and compromises cannot be found, the role of a designated decision-maker becomes crucial. This individual, often a senior leader, has the authority and responsibility to make final, and sometimes difficult, decisions that ensure the organisation remains on course towards its transformation goals.

Centralised collaborative team

The formation of a centralised collaborative team, such as a Cloud Centre of Excellence for cloud adoption transformation, is a strategic move to consolidate expertise, governance, and leadership for transformation-related initiatives. This centralised body acts as a hub of best practices, standards, and policies, ensuring that transformation efforts across the organisation are coherent, strategically aligned, and optimised for efficiency and impact.

Drawing team members from existing departments greatly improves the team's success rate. Such individuals will be known and ideally respected in their respective departments, and moving into the centralised team gives each department a voice and an equal measure of control over the transformation and its objectives. Their existing network within the organisation will also be very helpful in executing the team's responsibilities, such as fostering collaboration and driving change.

Achieving alignment

Key benefits of establishing a centralised team include the following.

- **Leadership**
  Exhibit strong decision-making capabilities and ensure an adequate budget for change. Lead the broader organisation by example, embodying excellence and demonstrating a new way of working. Show a commitment to change and encourage others by demonstrating the benefits gained. Effective leadership inspires confidence and motivation across all levels of the organisation, driving forward the transformation agenda with clarity and purpose.

- **Consolidated expertise**
  Bring together skilled professionals from across the organisation to focus on targeted strategies, solutions, and problem-solving. This mix of experienced individuals should also contribute to the diversity of the team, ensuring each problem is viewed from different perspectives and experiences.

- **Strategic alignment**
  Ensure that initiatives directly support the organisation's strategic objectives and digital transformation vision. Bring each department along on this journey by having them send a representative to the table.

- **Governance and compliance**
  Provide oversight of transformation activities and outcomes to ensure they meet regulatory, security, and operational standards. Ensure consistency across the organisation in sensitive matters such as security and data protection.

Achieving alignment

- **Shared ownership and accountability**
  Create a sense of collective responsibility for the success of transformation, encouraging collaboration and shared learning among different departments. Set and report metrics and KPIs for transformation progress, holding each team and department accountable for their individual KPIs.

By fostering a unified approach to transformation, a centralised team facilitates deeper integration of new technologies and processes into the organisation. It helps break down silos and align departments with the objectives. The team helps everyone feel they have a stake in the success of the transformation initiative, driving the organisation towards its transformation goals with clarity and cohesion.

"Change before you have to."

- Jack Welch

04. Skills

04. Skills

The success of digital transformation significantly hinges on the organisation's capability to cultivate, attract, and retain the necessary skills for navigating the transition to cloud technologies and adopting agile methodologies. Skills in this context encompass a broad spectrum and can include technical competencies such as cloud architecture, security, and compliance, as well as soft skills such as teamwork and adaptability.

Skills for digital transformation are the competencies and capabilities that individuals within the organisation must possess to effectively contribute to and drive transformation initiatives. For cloud adoption, this includes understanding cloud platforms, data security, network architecture, and compliance with relevant regulations. For agile, the agile principles, practices, and frameworks must be well-understood, along with the soft skills necessary for collaborative environments.

The correct set of skills empowers employees to actively contribute to transformation initiatives, leveraging new technologies and methodologies to drive innovation and efficiency. Skills are the bedrock upon which organisations can build robust digital platforms, develop secure and scalable cloud infrastructures, and foster agile, customer-centric cultures. They enable the workforce to adapt to new ways of working, solve complex problems, and deliver value effectively.

04. Skills

A skills gap can lead to several adverse outcomes, primarily anxiety among employees who may feel ill-equipped to meet the demands of the transformation. This anxiety can translate into decreased productivity, engagement, and, ultimately, a slowdown in the transformation's progress. Furthermore, without the necessary skills, organisations may struggle to realise the full potential of their digital investments, facing inefficiencies and potential security vulnerabilities.

Identifying missing skills

Identifying missing skills within an organisation embarking on digital transformation involves a proactive assessment to pinpoint areas where the current workforce's capabilities may not align with the demands of new technologies, methodologies, and processes introduced by the transformation. Recognising these gaps early allows for strategic planning in skills development, hiring, or partnerships to equip the team with the necessary competencies. This process is essential not only for the technical aspects of the transformation, such as cloud adoption and agile practices but also for fostering a culture that supports continuous learning and adaptation.

The following are key indicators for missing essential transformational skills.

Increased reliance on external consultants
Consultants can bring in much-needed expertise and help kick-start a transformation. However, regularly depending on external consultants and specialists over longer periods for tasks that could be managed internally may indicate a lack of necessary skills within the organisation, especially if it concerns tasks critical to the business. Consultants must include knowledge transfer within their scope to suitable people within the organisation who are freed up and made available for this new responsibility.

Low adoption rates of new technologies and methods
If new tools and methods are not being adopted as expected, it could suggest that employees lack the skills or confidence to use them effectively. However, the tools and methods should first be confirmed to be suitable to the task and supportive of the transformation objectives.

High incidence of issues and blockers
Frequent technical problems, blocked processes, or user errors can point to a knowledge gap in working in new ways or operating new solutions.

Feedback from employees
Direct feedback or expressions of concern from employees feeling overwhelmed or unprepared for new transformation-related responsibilities and tasks.

Delays in project delivery
Projects related to transformation consistently missing deadlines could be a sign that the team lacks the skills to complete tasks efficiently.

Quality of work
A noticeable decline in the quality of work or outcomes, especially in projects related to transformation or being run according to the new way of working, may highlight a skill deficiency.

Difficulty in problem-solving
Teams struggling to solve problems or come up with innovative solutions that align with the transformation objectives might lack the necessary skills, experience, or insights to do so.

Resistance to change

Resistance to new processes or technologies can be from a lack of understanding and skill or due to cultural reasons and job dissatisfaction. It's important to first figure out the actual reason before rushing to a solution.

Increased training requests

A surge in requests for training or professional development in areas related to transformation can signal recognition of skill gaps by the employees themselves. These are valuable inputs that should be addressed and appreciated.

Skills mismatch in job roles

Employees in critical roles for transformation who feel unsure about their tasks or responsibilities may indicate a mismatch between job requirements and skills. It can also indicate unclear role responsibilities that must be addressed before addressing any skill gaps.

Identifying missing skills

The following questions can help uncover if essential skills are missing for a planned transformation.

What crucial transformation skills do you believe we currently lack?
This question helps identify perceived gaps directly from the workforce involved in the transformation efforts. Given not many people have gone through a major transformation, there is a risk of "unknown unknowns" here.

Have you encountered any tasks or projects that you felt unprepared or ill-equipped to handle?
Responses can pinpoint specific areas where employees feel their skills do not meet the requirements. The next step is to confirm whether they don't understand what's expected of them, indicating an unclear role or job scope, or if they don't have the skills to execute the request.

Are there any emerging technologies or methodologies you feel we are not adequately skilled to leverage?
This can highlight areas where the organisation may be falling behind industry advancements.

Identifying missing skills

What training or development opportunities do you believe would have the most significant impact on our transformation or your role?
Soliciting suggestions for training can help tailor development programs to the most pressing needs.

In which areas do you see the most significant discrepancies between our capabilities and our ambitions?
Identifying where ambitions outpace current capabilities can direct focus to critical skill gaps. Note that understanding the ambitions of the initiative requires a well-articulated and understood vision.

How confident do you feel in our organisation's ability to execute our transformation plan successfully?
Confidence levels can indirectly indicate where employees see gaps in skills or resources.

Which roles or functions within our transformation initiative do you feel are currently under-supported or under-skilled?
Pinpointing specific roles or functions lacking support can guide recruitment or training efforts. Similarly, you can also ask which teams are underperforming, not meeting expectations, or not delivering quality results.

Addressing missing skills

Addressing skill gaps is critical to ensure the success of any digital transformation initiative. As organisations embark on the journey to adopt new technologies and methodologies, such as cloud computing and agile practices, they often encounter gaps between the skills their workforce possesses and those required to effectively implement and leverage these changes. A proactive approach to identifying and bridging these gaps is essential for minimising disruptions, enhancing productivity, and ensuring that employees feel supported and empowered throughout the transformation process.

Establish required skills »

The first step in addressing the skills gap is to accurately identify the specific skills required in general and per role for successful transformation. This process involves analysing the organisation's current capabilities versus the transformation goals. For cloud adoption, roles such as Cloud Architects, Agile Coaches, and Cybersecurity Specialists often emerge as critical. Engaging with external experts or consultants can provide valuable insights into industry standards and help pinpoint emerging skills that might not be immediately obvious internally (unknown unknowns). This external perspective can also aid in validating the organisation's skill needs assessment, ensuring that all necessary competencies are covered.

Identifying missing skills

Training and development program   »

Once the required skills are established, a comprehensive training and development program can be designed and rolled out. This program should aim to bridge the identified skill gaps through a combination of existing and custom-created content. Leveraging existing training materials can be cost-effective and efficient, but it's crucial to contextualise this content to align with the organisation's specific strategy, tools, and methodologies. Where off-the-shelf content does not fully meet the organisation's unique needs, custom training content should be developed. These bespoke programs offer tailored learning experiences that directly address the organisation's challenges and opportunities, ensuring employees gain the skills necessary for their roles within the organisation.

Fostering a culture of continuous learning   »

It can be beneficial to transformation and more modern ways of working to ensure a lasting interest in continuous learning and personal and professional development. This culture encourages employees to engage in ongoing learning activities, explore new areas of interest, and develop their capabilities. Supporting this culture requires providing access to learning resources, allocating time for training activities, and recognising and rewarding skill development and innovation through incentives, career progression, and events. Such an environment not only helps address current skill gaps but also prepares the organisation to adapt to future challenges.

Identifying missing skills

Internal communities »

Creating internal communities focused on specific practices or topics can be highly beneficial to transformation. For example, a cloud community can serve as a powerful catalyst for skill development, knowledge sharing, and application migrations. While the best communities arise organically, initiated by the staff themselves, sometimes they need some help to get started. However, it's vital to maintain the image of these communities as "by the people, for the people," ensuring they are perceived as safe spaces for open exchange and learning. This perception is critical to their success and longevity.

The role of leadership in nurturing these communities is to encourage and provide the necessary resources while stepping back to let the communities self-govern and flourish. These communities should not be top-down initiatives but rather grassroots movements that the organisation supports.

A well-supported cloud community can significantly enhance productivity by creating a forum for the sharing of skills, ideas, architectural designs, best practices, and much more. It can become a vibrant hub where subject matter experts are invited to share insights on various topics, and community members can showcase their internal success stories. Presentations on before-and-after scenarios of successfully migrated applications can serve as powerful testimonials and learning resources, inspiring other teams to undertake similar migrations. Furthermore, sharing lessons learned can help other teams navigate their transformation projects more effectively.

Identifying missing skills

Partnerships and collaborations »

Forming partnerships and collaborations with educational institutions, technology providers, and professional organisations can significantly enhance an organisation's ability to address skills gaps. These partnerships provide access to specialised training resources, certification programs, and pools of talent with highly relevant skills. Partnerships with technology providers can ensure training is up-to-date with the latest technological advancements. Professional organisations can also be invaluable sources of networking opportunities, allowing employees to learn from and share experiences withthe industry.

By implementing these strategies, organisations can effectively address the skills gap, ensuring their workforce is equipped to drive and sustain transformation efforts. This enhances the organisation's capabilities in the short term and lays the foundation for ongoing adaptation and growth.

05. Incentives

05. Incentives

Incentives play a crucial role in motivating employees to embrace and drive transformation. Effective incentives go beyond mere participation; they align closely with the desired outcomes of the transformation, encouraging adoption, innovation, and commitment to the process. These incentives can range from financial rewards and opportunities for career advancement to recognition for innovative contributions. In the context of a cloud adoption strategy, the education & advocacy team, often in collaboration with Human Resources (HR) teams, is instrumental in devising and implementing these incentive mechanisms.

Training, while essential, is not sufficient on its own to drive change. It must be complemented by well-structured incentives that encourage staff to make the effort required to learn new skills and methodologies. This can be achieved by creating transformation and education-related KPIs, aligning the organisation's career frameworks with the skills and objectives of transformation, and fostering a management culture of openly recognising achievements.

For example, transparency around how acquiring specific skills or achieving certifications can lead to promotions acts as a powerful motivator. Linking KPIs to bonus payouts offers direct monetary rewards for embracing new ways of working, thereby directly incentivising the change process. Publicly recognising team members for achieving the most certifications can inspire others to do the same.

05. Incentives

By aligning the right incentives with the organisation's vision, employees are more motivated, their efforts are more closely aligned with the strategic objectives, and the overall transformation process is energised.

When incentives are not adequately aligned with the objectives of digital, cloud, and agile transformations, organisations face significant challenges that can impede the progress and success of these initiatives. The primary consequence of missing or misaligned incentives is resistance to change or, at the very least, a noticeable lack of participation among employees. Without the motivation provided by meaningful rewards, recognition, or opportunities for advancement, individuals may see little personal benefit in investing their efforts and adapting to new ways of working. This resistance can manifest as scepticism towards the transformation, reluctance to engage with new technologies or methodologies, and a general inertia that hampers the organisation's ability to move forward. In essence, the absence of effective incentives undermines the collective drive and enthusiasm necessary for a successful transformation, making it difficult to achieve the desired outcomes.

Identifying missing or misaligned incentives

To ensure incentives are effectively driving the desired behaviours and contributions, it's important to recognise key indicators of missing or misaligned incentives.

Lack of engagement in transformation initiatives
If employees show little interest in participating in transformation-related projects or training programs, it may indicate that the incentives are not motivating.

Resistance to new practices
Persistent resistance to adopting new technologies or methodologies can suggest that employees do not see the value in changing their behaviour without meaningful rewards.

Low innovation rate
A noticeable lack of innovative ideas or contributions towards the transformation goals might signal that incentives do not effectively encourage innovation.

High employee turnover post-training
If there's a trend of employees leaving the organisation after receiving specialised training, it could point to a lack of clear career advancement opportunities tied to the new skills.

Decrease in the Employee Net Promoter Score (NPS)
This metric, derived from asking employees how likely they are to recommend their workplace to friends and family, serves as a proxy for overall employee satisfaction and engagement. A declining NPS suggests that employees may not feel valued or motivated by the current incentive structures, which could reflect broader issues with how the transformation efforts are being perceived internally.

Identifying missing or misaligned incentives

To assess whether the incentive mechanisms in place are effective and aligned with the transformation goals, consider asking teams the following questions.

Do employees feel that the current incentives motivate them to actively participate in the digital transformation efforts?
This question aims to gauge the perceived value of the incentives among the workforce.

Are the incentives linked to clear and measurable outcomes related to the transformation?
Understanding whether incentives are tied to specific, measurable goals can indicate their effectiveness in driving desired behaviours.

How do employees view the alignment between acquiring new skills or certifications and their career progression within the organisation?
Responses can reveal whether career advancement incentives are transparent and motivating.

Identifying missing or misaligned incentives

Do the incentive structures encourage collaboration and innovation among teams and individuals?
This question assesses whether the incentives promote desirable values such as teamwork and creative problem-solving.

Have there been instances of resistance to adopting new practices, and can these be attributed to the current incentive mechanisms?
Identifying specific instances of resistance can help pinpoint areas where incentives may need adjustment.

Implementing the right incentives

Incentives play a pivotal role in driving organisational change, particularly in the context of transformation. They are the mechanisms that encourage employees to adopt new technologies, learn new skills and methodologies, and change mindsets. Designing effective incentives involves a deep understanding of what motivates employees beyond basic financial rewards — everyone wants more salary, and monetary rewards must be a part of the incentive plan, but not all of it. Incentives can include career advancement opportunities and a sense of control over their career progression, professional development, event attendance, and public recognition of contributions.

Good KPIs for change are measurable and can be applied at the group, team, and individual levels. Individual KPIs should fall within an employee's circle of influence, ensuring they are empowered to affect the outcomes for which they are responsible. Utilising career frameworks offers transparency and clarity, serving as a powerful incentive for employees to engage in learning and growth activities that support the organisation's vision and strategic objectives.

Implementing the right incentives

Determining the right incentives for the organisation »

To determine the right incentives, organisations must first understand their unique culture, values, and their transformation objectives. This understanding can be achieved through employee surveys, focus groups, and discussions with various stakeholders to gather insights into what motivates the workforce. It's essential to consider the diverse needs and preferences of employees, recognising that what motivates one individual may not necessarily apply to another.

Aligning incentives with the organisation's transformation vision involves ensuring that they not only reward the achievement of immediate transformation milestones but also support the long-term strategic direction and cultural evolution of the organisation. For example, a KPI focused on the number of workloads migrated to the cloud by a given date might accelerate the migration process. However, without incentives that also prioritise optimisation and cost-efficiency, this approach will result in mostly lift-and-shift migrations. Such migrations, while quick, fail to achieve the cloud's scalability, flexibility, and cost-saving benefits, resulting in operations that are, on average, 30% more expensive than on-premises.

Implementing the right incentives

Incentivising with Key Performance Indicators (KPIs) »

KPIs tailored to digital transformation should drive and reward progress towards agility, the adoption of the right mindset, completion of education and training initiatives, and contributions to innovation and efficiency improvements.

Agility KPIs

- **Percentage of projects delivered using Agile methodologies**
  This KPI measures the proportion of projects within the organisation that are completed using Agile practices, aiming for an upward trend over time. For example, increasing the percentage from 30% to 60% within a year can be a target. For organisations starting this transition by adopting Kanban, start by measuring Kanban projects, and, once sufficient rounds of Agile training have been rolled out, shift to measuring Agile-delivered projects, driving that transition from Kanban to Agile.

- **Time-to-market for new features**
  Tracks the average duration from the conception of a new feature to its deployment to end-users. A reduction in this metric, such as decreasing the average time-to-market from 120 days to 60 days, indicates increased agility and responsiveness. However, this must be combined with more heavily weighted qualitative measurements, such as a reduced number of rollbacks, bug reports, and negative user feedback on the new feature. Qualitative metrics help prevent rushed incomplete releases to meet the quantity KPI and will reward teams for maintaining or even improving the quality of releases. Be sure to apply these KPIs so everyone is involved with the feature development and deployment process. For example, the team responsible for centralised deployment solutions must have shared accountability with the developers for the end-to-end success of these KPIs, resulting in more collaboration and discussion between teams.

Implementing the right incentives

- **Team adaptability feedback**
  This KPI gauges the perceived adaptability of teams to changes in project scopes, technologies, and market conditions. It involves collecting feedback from team members on how effectively they believe their team responds to and incorporates changes, highlighting strengths and opportunities for improvement.

- **Quality of sprint retrospectives**
  Evaluate the depth and quality of insights generated during sprint retrospectives. This KPI assesses how teams reflect on their work processes, identify challenges, and propose improvements that are shared with relevant teams in the broader organisation. This rewards a culture of continuous learning and adaptation.

- **Stakeholder satisfaction with agile processes**
  Gather qualitative feedback from stakeholders, including customers, product owners, and business leaders, on their satisfaction with the agile process and its outcomes. This KPI measures the alignment between team processes and stakeholder expectations, focusing on communication, product increment quality, and responsiveness to feedback.

- **Collaboration and communication effectiveness**
  Through surveys or interviews, assess how team members perceive the effectiveness of their collaboration and communication. This KPI seeks to understand the impact of agile practices on team dynamics, including cross-functional cooperation, transparency, and problem-solving.

- **Innovation within agile teams**
  Document instances where agile teams have introduced innovative solutions or practices that have enhanced project outcomes or efficiency. This qualitative KPI highlights the contribution of agile methodologies to fostering an innovative mindset and the ability to experiment and learn from failures.

Implementing the right incentives

Mindset KPIs

- **Employee engagement scores**
  Utilise annual or twice-annual surveys to gauge employee engagement levels, with specific questions related to adaptability and openness to change. Target improvements could be set from a baseline score, aiming for a 10% increase after the implementation of specific initiatives.

- **Number of cross-departmental collaborations**
  Count the instances of projects or initiatives that involve teams from different departments working together. Setting targets to double these collaborations within a specified timeframe encourages a more integrated and flexible organisational mindset. Combine this with KPIs that measure value added or positive impact on productivity, quality, or similar to ensure the collaborations are pragmatic and a good use of resources.

- **Employee perceptions of cultural change**
  This KPI assesses employees' perceptions and attitudes towards the cultural changes occurring as part of the digital transformation. Surveys or focus groups can be used to gather insights into how well employees feel the organisation's culture supports innovation, risk-taking, and continuous learning, and how well their personal values align with those of the organisation (or those that it is striving for).

- **Willingness to embrace new challenges**
  Measure employees' readiness and willingness to take on new challenges and step out of their comfort zones. This can be assessed through direct feedback in performance reviews or engagement surveys, focusing on employees' enthusiasm for tackling projects that require new skills or ways of working.

Implementing the right incentives

- **Feedback on leadership support for transformation**
  Collect qualitative feedback on how employees perceive leadership's support for digital transformation. This includes leadership's communication of the vision, provision of resources for learning and development, and encouragement of risk-taking and innovation.

- **Impact of digital transformation on teamwork and collaboration**
  Evaluate how digital transformation initiatives have influenced teamwork and collaboration within and across teams. This could involve assessing changes in cross-functional collaboration, information sharing, and collective problem-solving efforts.

- **Employee stories of adaptation and growth**
  Document and share stories where employees have successfully adapted to new technologies, methodologies, or roles. These narratives can serve as powerful testimonials to the mindset shift occurring within the organisation, highlighting instances of personal and professional growth.

- **Successful talent acquisition and cultural fit**
  This KPI measures the success of attracting and retaining individuals who embody the mindset and cultural attributes the organisation is striving for. For example, the percentage of new hires who successfully integrate into the target culture and remain with the organisation beyond their probation period. This KPI highlights the effectiveness of the recruitment process in selecting candidates who are both technically competent and ready to embrace and contribute to the evolving organisational culture. It underscores the importance of aligning talent acquisition strategies with the broader objectives of cultural change.

Implementing the right incentives

- **Managers providing a safe space for experimentation**
  This KPI evaluates the effectiveness of managers in creating environments where team members feel safe to experiment, take risks, and potentially fail within defined guardrails that limit negative impact. Employee feedback scores on managerial support can be measured for innovation, the number of experimental projects initiated under each manager, and the proportion of these projects that lead to either successful innovations or valuable learning experiences from failure. This KPI underscores the role of managers in creating a culture that embraces risk-taking as a pathway to discovery and learning, ensuring that teams understand failure is an accepted and valuable part of the innovation process when it occurs within a framework designed to capture insights and mitigate undue consequences.

Education KPIs

- **Completion rates of the provided training programs**
  Monitor the percentage of employees who complete designated digital transformation-related training programs. Targets could be set to achieve a 90% completion rate across all offered courses within a year. This must be combined with qualitative KPIs to ensure lessons are learned, retained, and applied.

- **Certifications achieved in new technologies**
  Track the number of employees obtaining certifications in technologies relevant to the organisation's transformation. For example, setting a goal for 50 employees to become certified in cloud computing platforms or agile methodologies within six months. Personal KPIs can mirror this, setting a target number of relevant industry certifications depending on the role and seniority.

Implementing the right incentives

- **Employee feedback on training relevance and practical use**
  Collect and analyse feedback from employees post-training to gauge how relevant they found the content and how they can apply what they learned to their current roles. This could involve asking participants to rate the applicability of the training to their job duties and to provide examples of how they plan to implement new skills or knowledge. Consider a follow-up survey six months later to test if the lessons learned have been effectively applied in their roles.

- **Case studies of successful application of training**
  Develop case studies that document instances where employees have successfully applied training to improve processes, solve complex problems, or innovate within their roles. These case studies should be presented internally within a community of practice or to a broader audience if the presentation is less specialised. This KPI aims to showcase real-life examples of how education is translating into tangible benefits for the organisation and enable others to learn from it.

- **Managerial assessments of team skill development**
  Manager assessments can evaluate the impact of training on team performance and capabilities. Managers provide qualitative evaluations of their team's growth in areas related to digital transformation, noting changes in problem-solving abilities, innovation, and adaptability. Guide managers for this assessment, such as a career framework that lists specific skills and their descriptions. While there is value in a manager's opinions of their team members, the majority of the assessment should be quantifiable and based on facts rather than opinions.

Implementing the right incentives

- **Peer reviews on collaboration and knowledge sharing**
  Implement a system of peer reviews to assess improvements in collaboration and knowledge sharing post-training. This KPI focuses on how training initiatives have influenced team dynamics and the sharing of insights and solutions across departments. Note that peer reviews need training and guidance to get high-value responses. An HR business partner or similar should deliver this training and provide a framework for the assessments. Like the manager assessments, this could be based on a career framework that provides a clear overview of the competencies expected of a particular role of a particular seniority.

- **Innovation contributions post-training**
  Monitor contributions to the organisation's innovation programs or suggestion schemes following training initiatives. This qualitative measure assesses not just the quantity but the quality of ideas generated, reflecting the depth of understanding and creativity spurred by education efforts.

Innovation KPIs

- **Number of new ideas submitted through the innovation programme**
  Measure the number of unique ideas submitted by employees through a formal innovation submission process. Increasing the number of submissions by 25% year over year could be a target, encouraging a culture that fosters and values innovative thinking. While it can initially boost morale and submissions by focusing on the quantity of ideas, over time, this should slowly shift to consider the quality of ideas in terms of relevance to the business, commercial viability, competitive landscape, and potential for positive impact. Note that simply asking staff for ideas rarely achieves a successful outcome, at least not beyond a first wave of requests to solve recurring pain points. Inspiration and creativity need to be nurtured and catalysed through workshops, team-building exercises, and exposure to new environments and ideas.

Implementing the right incentives

- **Successful implementation of projects towards one or more objectives**
  Count the number of projects initiated from employee ideas that have led to measurable improvements in business objectives such as operational efficiency. Targets could include completing at least five such projects within the year, with each project achieving a minimum of 10% improvement in the target metric.

- **Quality of innovative ideas generated**
  This KPI assesses the creativity, feasibility, and alignment of generated ideas with the organisation's digital transformation goals. Rather than merely counting submissions to an innovation program, this measure evaluates the potential impact and innovativeness of the ideas proposed through panels or by reviewing and providing feedback on submissions.

- **Employee engagement in innovation initiatives**
  Gauge the level of active participation and engagement of employees in innovation-related activities. This can include participation rates in hackathons, innovation challenges, or contributions to idea-generation platforms. Qualitative feedback on these experiences can provide insights into how these initiatives are fostering a culture of innovation within the organisation.

- **Implementation success stories**
  Document and share detailed case studies of successful innovation projects focusing on the problem solved, the innovative approach taken, and the outcomes achieved. These stories highlight the practical application of innovative ideas and their contribution to the organisation's transformation objectives.

- **Cross-functional collaboration on innovation projects**
  Evaluate the effectiveness of cross-departmental teams in driving innovation. This KPI looks at how collaboration between different functional areas contributes to the development and implementation of innovative solutions, emphasising the value of diverse perspectives and expertise in fostering creativity.

Implementing the right incentives

- **Feedback loops and learning from innovation efforts**
  Assess the processes in place for capturing learnings from both successful and unsuccessful innovation efforts. This includes mechanisms for feedback, reflection, and iteration, ensuring that every innovation effort, regardless of its immediate outcome, contributes to the organisation's knowledge and growth.

- **Failing fast and learning from setbacks**
  This KPI focuses on the organisation's ability to quickly identify projects or initiatives that are not yielding the desired results and make informed decisions about their continuation or termination. It involves setting clear, upfront criteria for success and failure for each innovation project, allowing teams to evaluate progress objectively and decide whether to pivot, persevere, or halt the initiative. A measurable aspect of this KPI could be the average time taken from project initiation to the decision point (continue or discontinue), coupled with the percentage of projects that pivot based on predefined success/failure thresholds. This KPI emphasises the importance of agility and the willingness to embrace setbacks as learning opportunities. It fosters a culture that values experimentation, rapid learning, and the strategic cessation of initiatives when they no longer align with the organisation's goals or fail to meet established success criteria.

Lastly, while a KPI might not be appropriate for it, keeping an eye on the organisation's Glassdoor score and reviews can offer some insight into employee perception of the organisation.

Implementing the right incentives

Driving change with an effective career framework »

A detailed career framework designed to drive change and incentivise learning and growth can significantly impact an organisation's ability to embrace and sustain digital transformation. Such a framework should outline clear paths for progression that are aligned with the transformation's goals, specifying the skills, experiences, achievements, and technical and soft skills required at each level. For example, a framework might detail how an entry-level programmer can advance to a senior developer role by mastering specific cloud technologies and contributing to successful agile projects, then further to a technical lead position by demonstrating leadership in innovation, creating productive safe spaces, and championing a culture of continuous improvement.

A comprehensive career framework represents more than a list of technical competencies or a source for job descriptions. It's a strategic tool that facilitates various enablement activities crucial for driving and sustaining transformation.

By defining capabilities at each level of the career framework in quantifiable terms, organisations create a fair and transparent assessment process for promotion. This quantification ensures that promotions are based on objective criteria, reducing biases and providing clear expectations for career advancement. For instance, a junior developer might need to demonstrate proficiency in specific programming languages and cloud platforms to qualify for a promotion to a senior role, with these proficiencies clearly defined and measurable.

Implementing the right incentives

The capabilities outlined in the career framework can significantly improve Talent Acquisition (TA) efforts by providing a solid basis for interview questions. This alignment ensures that new hires possess the necessary skills and mindset from the outset, fitting seamlessly into the organisation's culture and contributing to its digital transformation goals. It allows recruiters to assess candidates against the specific competencies required for success in their prospective roles, enhancing the quality of new hires.

A well-structured career framework serves as the foundation for competency mapping, identifying gaps in knowledge and skills among existing employees. This gap analysis is crucial for tailoring training programs that address specific needs, ensuring that education efforts are directly aligned with the career progression paths outlined in the framework. By adopting a modular approach to training — where each lesson or module corresponds to a subcategory or capability in the career framework — organisations can create dynamic, personalised educational programs. This approach ensures that training is highly relevant and targeted, efficiently closing skill gaps and preparing employees for the next steps in their career journey.

Incorporating KPIs related to the achievement of specific capabilities offers a dual incentive mechanism. On one hand, employees can be motivated by bonuses or other rewards for mastering particular skills or reaching new competencies. On the other, the prospect of career advancement upon acquiring all necessary capabilities for a given role adds a long-term incentive. This structure not only motivates employees to engage with training programs but also aligns their personal growth with the organisation's strategic objectives.

Implementing the right incentives

The transparency provided by a career framework offers employees a clear roadmap for their professional development. Understanding what is required to advance to the next level empowers individuals to take charge of their learning and career progression. This clarity can significantly reduce churn, especially in the period after education programs complete, as employees see a tangible path to advancement and are motivated to stay with the organisation to achieve their career goals.

Attributes of a career framework that supports change include the following.

- **Transparency**
  Clearly communicate the criteria for advancement so employees understand what is expected of them.

- **Alignment with organisational visio**n
  Ensuring progression paths support the broader goals of the digital transformation.

- **Recognition of diverse contributions**
  Valuing different types of contributions, from technical excellence to leadership in change initiatives.

- **Flexibility**
  Allows for adjustments as the organisation's needs and the external environment evolve.

- **Quantifiable**
  Using quantifiable capabilities minimises the risk of decisions being driven by emotions and relationships rather than data.

Implementing the right incentives

By creating a culture where embracing change, contributing to the organisation's vision, and continuous learning are recognised and rewarded, organisations can motivate their workforce to lead and sustain the digital transformation. Such a culture ensures that those who are most aligned with the vision and adept at navigating change are positioned to climb the ranks and shape the future of the organisation.

Designing a comprehensive career framework involves structuring progression paths that align with the company's values, business metrics, and the specific capabilities required for each role within the organisation. This framework should detail broad categories that reflect the organisation's core objectives and values, under which more specific capability areas are defined. Within these areas, individual capabilities required at each career level are outlined, providing clear criteria for assessment and progression.

For transparency and fairness, capabilities must be measurable. Ambiguous capabilities risk being inconsistently assessed, often influenced by the subjective perceptions of the relationship between the assessor and the assessed. A well-designed career framework mitigates these risks by offering objective criteria that guide evaluations.

On the following pages is a simplified example of how a career framework might be structured for a Cloud Engineer role across three levels: Junior, Experienced, and Leader. This example is intended to illustrate the framework's structure and must be adapted to fit the unique context, values, and objectives of each organisation.

Category	Competency	Junior	Experienced	Leader
Foundational	**Awareness** Active listening Contribute to meetings Understand the actual need or root cause Situational awareness Self-Awareness	• Take an active interest in the lives, histories, and viewpoints of colleagues. • Display curiosity. • Conscious of personal actions and their impact within the professional environment. • Inquire to obtain new insights or further explanations.	• Actively engage in learning through training or mentorship to enhance self-awareness of strengths and limitations. • Carefully select opportune moments for constructive discussions with peers and stakeholders. • Seek deeper insights into project expectations by posing well-considered questions. • Recognise the influence of personal emotions and actions on themselves and colleagues in the professional setting.	• Leverage existing knowledge, insights, and subtle signals to fully grasp project specifics. • Navigate and redirect the direction of meetings, initiatives, or projects with adept situational responsiveness. • Confidently identify and communicate personal proficiencies and areas for improvement. • Foster trust among stakeholders through a sincere focus on their objectives and aspirations.
Foundational	**Communication** Presentation of self and materials Communicating in groups Written communications and documentation Present ideas and explain topics	• Engage in active listening, pose insightful queries, and seek to comprehend the essence of tasks and directives. • Convey concepts in a professional, clear, and concise manner tailored to the communication channel. • Articulate thoughts with clarity and intention during discussions with colleagues and stakeholders. • Exhibit vibrancy and zeal in all forms of engagement. • Cultivate skills for effective collaboration, valuing the contributions and abilities of each team member.	• Engage proactively in discussions within the organisation and externally. • Adjust the communication approach to suit the audience and context. • Modulate language adeptly, ensuring messages are crafted appropriately for the chosen medium. • Demonstrate proficiency in writing, coupled with meticulous attention to detail. • Capably deliver presentations to small teams of mixed audiences. • Show confidence when discussing subjects of expertise or expressing personal viewpoints.	• Facilitate and guide group discussions, promoting a variety of perspectives. • Provide mentorship on communication strategies and skills to peers. • Produce detailed technical documentation and training materials of high quality. • Conduct presentations to mid-sized audiences, potentially involving executive stakeholders. • Effectively communicate, address, and navigate challenging conversations with senior stakeholders. • Create and distribute thorough and high-quality technical documentation.

Category	Competency	Junior	Experienced	Leader
Foundational	**Initiative** Get tasks done quickly and with quality A drive to achieve outcomes Set next steps, not just ideas Get results Take the initiative Overcome blockers	• Prioritise the timely completion of high-quality outputs. • Seek assistance promptly when encountering obstacles, avoiding prolonged periods of unproductive effort. • Proactively detect problems at an early stage and communicate them to the team. • Develop the ability to recognise discrepancies or issues and understand the appropriate procedures and channels for escalation.	• Identify and address potential problems, risks, scope expansions, delays, and dependencies, actively seeking solutions. • Demonstrate the ability to work independently. • Evaluate and decide on additional activities that offer value to the project. • Show a history of resilient and successful project deliveries. • Proactively seek clarity on project completion criteria and suggest subsequent tasks and actions. • Request guidance at the onset of challenges rather than after becoming entrenched.	• Rally the team towards achieving specific outcomes. • Capable of leading a team effectively. • Identify and articulate solutions to issues beyond the initially defined scope. • Respond swiftly to information requests, setting clear expectations to facilitate others' work. • Consistently deliver successful and resilient outcomes across two engagements. • Detect reasons for projects deviating from their course and formulate strategies and actionable next steps for realignment towards success.
Domain expertise	**Technical competency** Set a high bar Strive for excellence Meet quality standards Subject matter expertise	• Actively seek knowledge and skill development advice from senior team members. • Display curiosity and interest in exploring new cloud technologies and operational advancements. • Engage proactively with various learning resources, including blogs, online courses, and discussions, to enhance expertise. • Gain insights into the team's methodology and industry best practices, developing a comprehensive understanding.	• Demonstrate active engagement and expertise in a specific technical field. • Deliver work of consistent, high quality that meets requirements comprehensively, necessitating minimal revisions and efficient review processes. • Regularly re-evaluate subjects, issues, and disciplines, critically examining assumptions. • Identify and suggest enhancements to learning modules. Recognise areas for development. • Pursue discipline-related certifications as evidence of growing knowledge and skills.	• Routinely identify quality issues in deliverables, thoroughly explain the rationale to the author, and outline paths for enhancement. • Regularly examine work packages and deliverables produced by the project team prior to submission. • Exhibit expertise and proficiency in a specialised area, recognised internally and by the customer.

Category	Competency	Junior	Experienced	Leader
Domain expertise	**Problem-solving** Identify root causes Analyse risks and Impact Solve problems Deliver value	• Demonstrate control and proceed systematically through problem-solving steps, ensuring clarity and confidence. • Innovate by thinking differently about challenges. Find unique and effective solutions. • Creates methods for reassuring and communicating with concerned stakeholders during problem-solving.	• Identify potential challenges, risks, or technical issues that might arise from solutions and suggest ways to mitigate them. • Describe how issues affect project delivery using data, sound judgment, and established practices. • Seek expert advice when necessary to clearly define and address complex problems, including all relevant influencing factors. • Draw on knowledge from various fields, customers, and industries to develop innovative solutions.	• Regularly employs in-depth troubleshooting methods to tackle complex problems, aiming for lasting solutions rather than temporary fixes. • Evaluate and anticipate strategic or organisational risks from proposed solutions, prioritising them by impact and suggesting countermeasures. • Persistently delve into the root cause of issues by asking "why" until the fundamental problem is identified. • Engage in creative brainstorming of multiple solutions, evaluate their feasibility with colleagues, and conduct trials in a controlled setting. • Maintain composure and patience throughout the troubleshooting process, recognising the need for possibly several attempts to resolve an issue.
Domain expertise	**Continuous improvement** Training & certification Industry participation Self-improvement Conduct research Share knowledge	• Seek feedback from experienced team members on their work before finalising it. • Undertake thorough reviews of their work to ensure it meets standards and find areas to enhance before others examine it. • Pursue certifications relevant to their field or specialisation. • Learn about the characteristics of high-quality work and practices improving their skills. • Explore various viewpoints and gather insights to improve their work outcomes.	• Obtain advanced certifications related to their area of expertise or focus. • Participate actively in communities related to their interests or profession. • Enhance the quality of outputs by engaging with experts, conducting research, and having in-depth discussions. • Improve the initial quality of work, leading to fewer quality assurance problems and reviews and improving delivery times.	• Actively engage in discussions and debates within professional communities to question and expand their understanding. • Pursue several advanced certifications in relevant fields or areas of specialisation. • Stay receptive to innovative approaches and methods. Evaluate advantages, disadvantages, and suitability for the project, team, and objectives. • Build a reputation as a thought leader by presenting at significant meetups and webinars, both internally and externally.

Category	Competency	Junior	Experienced	Leader
Leadership	**Leading with empathy** Team interaction Stakeholder interaction Look for opportunities to help Lead by example	• Actively listen and try to comprehend others' perspectives as a supportive team member. • Step out of comfort zone to assist teammates. • Handle disagreements within the team discreetly, ensuring not to display conflicts in front of stakeholders, and be aware of how to manage their emotions during disagreements. • Grasp the values of agility, quality, and helpfulness that define the cloud team and consistently embody these principles.	• Regularly show empathy towards peers, customer stakeholders, and within the wider organisation to create collaborations. • Use empathy effectively to deeply understand customer needs, significantly influencing deliverables and enhancing the overall partnership.	• Demonstrate and serve as an example of the cloud team's values in various projects and collaborations. • Always exhibit the team's values to stakeholders.
Leadership	**Growth mindset** Create positive experiences for team members Growing individuals Growing the team Bring exceptional individuals and actions to the attention of managers	• Actively seek assistance for certification preparation or when implementing a newly acquired skill. • Regularly request feedback on both work output and professional conduct. • Establish a career development plan accompanied by specific KPIs to track progress. • Skilled at providing constructive feedback to colleagues. • Recommend potential candidates to join the team.	• Assist in integrating new team members into projects, offering direction on training resources. • Serve as a mentor to newcomers and junior staff, extending coaching to clients' team members as well. • Initiate discussions on subjects beyond the current project scope to enhance the overall performance of the cloud team or specific engagements. • Design strategies for the skill advancement of junior team members.	• Direct the development of a cloud team, overseeing the recruitment, selection, and training of both new and existing members. • Offer mentorship and career advice to engineers within their team, fostering professional growth. • Actively enhance the quality of onboarding processes, educational content, and resources, ensuring efficient learning and skill acquisition for the team. • Consistently exemplify the core values of the cloud team and demonstrates effective leadership in numerous projects and collaborations.

Category	Competency	Junior	Experienced	Leader
Leadership	**Performance** Improve productivity through teamwork and collaboration Conflict resolution Create safe spaces for team members	• Participate actively in team meetings and ceremonies to contribute to ongoing improvement efforts. • Seek assistance promptly when faced with obstacles, delays, or challenges to maintain their contribution. • Share acquired knowledge and experiences with the team to foster collective learning.	• Foster team unity and a sense of collective purpose. • Facilitate sessions for sharing "Lessons Learned" among team members. • Encourage juniors to share their knowledge and experiences with the wider team. • Recognise personal and junior team members' strengths and limitations, delegating tasks accordingly. • Initiate discussions aimed at the continual enhancement of team performance, customer satisfaction, and project success.	• Research the customer industry and business • Attend customer events where appropriate • Investigate technologies, tools, and systems used by the customer. Share with the team • Look up the customer's organisational structure and the stakeholders and team members they are working with. Share this with the team. • Familiarise with the customer's security, compliance, cost, and quality standards, and ensure the team understands the same.
Business aptitude	**Understand stakeholders** Develop relationships through delivering value and achieving results Stakeholder management Gain stakeholder trust	• Investigate the customer's industry and business background. • Participate in customer events when suitable. • Explore the technologies, tools, and systems the customer employs. • Learn about the customer's organisational hierarchy, including stakeholders and team members involved. • Acquainted with the customer's standards for security, compliance, cost management, and quality.	• Seek to understand and meet the customer's standards for security, compliance, cost management, and quality, adjusting the team's strategy accordingly. • Form trusted connections with the customer's technical staff and project management teams. • Identify and engage with important stakeholders and influencers in the customer's organisation. • Ensure junior team members consistently adhere to the customer's security and governance rules.	• Gain insights into the customer's operational landscape, financial planning periods, and the specific goals, needs, and challenges of stakeholders. • Form strong, trust-based connections with key customer stakeholders and those who make decisions. • Play a role in the creation and annual update of plans for customer accounts. • Learn about the customer's demands for security, compliance, financial efficiency, and quality, and adjust team resources and performance indicators to match these needs more closely. • Aligns project contributions with the customer's success criteria. • Actively uncover customer issues and opportunities for added value, reporting these findings to the team leader. • Contribute to crafting pitches and proposals aimed at winning or expanding customer projects.

　

Category	Competency	Junior	Experienced	Leader
Business aptitude	**Understand team** Understand how we promote and evolve the team Understand our business and services Knowledge sharing, lessons learned, case studies, etc.	• Fill out timesheets precisely and on schedule. • Participate in required training sessions. • Join in on group events such as town halls, workshops each month, and cultural gatherings. • Keep up with internal blogs, both old and new, to learn more about the team and the wider organisation.	• Update and enhance the knowledge base and training materials with insights and experiences gained from projects. • Clearly explain the services, offerings, and value proposition of the organisation. • Allocate time to engage with training materials on essential tools and principles to understand the operations of the business and cloud team. • Stay informed about internal updates and fulfil the necessary readings, training, and activities within the given deadlines.	• Drives the creation of new standardised work packages, such as training content, project documents, and assets that can be used again. • Seek and advocate for chances to gather, improve, and share knowledge gained from projects back within the team. • Find possibilities to develop new standardised processes and work packages based on recurring tasks and client interactions.
Business aptitude	**Deliver value** Identify new opportunities for delivering customer value Scheduling and resourcing.	• Suggest enhancements for the team's performance or the customer's experience. • Exchange strategies with colleagues to elevate the quality of outputs.	• Participate in discussions and choices about team resourcing. • Highlight problems that affect stakeholders, team members, or the project to higher-ups. • Present arguments for strategic plans aimed at enhancing team efficiency or experiences. • Gather and share information on trends, frequent risks, recurring tasks, and additional findings.	• Initiate formal and informal discussions with customer stakeholders to uncover new opportunities and ways the team can assist. • Strategically allocate team resources to maximise the value and experience delivered to customers.

Implementing the right incentives

Applying the career framework in employee reviews »

Implementing the career framework effectively within the context of employee reviews is a strategic approach to personal and professional development, aligning individual growth with the organisation's transformation goals. This process fosters a culture of transparency, accountability, and continuous improvement, which is essential for navigating the complexities of change. The career framework can be applied to maximise its impact on employee development and organisational growth.

The first step involves each employee conducting a self-assessment against the criteria defined for the next level in their career framework. This self-assessment encourages employees to reflect on their current competencies, knowledge, and behaviours, comparing them against the attributes and skills outlined for progression. Employees identify areas where they consider themselves proficient and should include examples that demonstrate that competency. Examples are essential when their manager is not engaged with them in their daily work. Areas that are not yet proficient should be noted as requiring further development. This reflective process not only aids in personal growth but also helps employees align their development efforts with the career progression opportunities available within the organisation.

Following the self-assessment, obtaining peer reviews from two or three colleagues who regularly collaborate with the employee provides additional perspectives on the employee's performance and capabilities. Peer reviews offer insights into how the individual's work is perceived by others, highlighting strengths and areas for improvement from a collaborative standpoint. This feedback is invaluable, as it encompasses diverse viewpoints and reflects the employee's impact on team dynamics, project outcomes, and the broader organisational culture.

Implementing the right incentives

The manager's review completes the process, adding a leadership perspective on the employee's readiness for advancement. Managers assess the employee's performance, contributions, and development areas in the context of the career framework, considering the organisation's current needs and future direction. It is especially important that the manager highlights and finds activities to help them progress in the development areas as part of career progression planning. This comprehensive review helps to identify if an employee is ready for promotion and the specific support and development actions needed to prepare them for the next step in their career.

Collating the data from self-assessments, peer reviews, and manager evaluations provides a clear, holistic view of an employee's proficiency in the attributes required for their next role. This aggregated feedback helps in making informed decisions about promotions, targeted development plans, and succession planning. It ensures that progression within the organisation is based on merit, competency, and alignment with the digital transformation vision.

The success of this approach hinges on having a comprehensive career framework that delineates the competencies, skills, and behaviours expected at each career level. The framework must cover all aspects necessary for progression, from technical skills to leadership qualities and alignment with the organisation's core values and strategic objectives. By clearly defining these criteria, the organisation sets transparent benchmarks for advancement, motivating employees to engage in continuous learning and development.

06. Resources

06. Resources

Resources, in this context, refer to the financial, technological, and human capital required to sustain the transformation efforts until the objectives are achieved. This encompasses not only the financial investments needed for new technologies and infrastructure but also the tools for collaboration, project management, training development, and the skilled personnel to implement and manage the transformation. The successful execution of a transformation strategy relies heavily on ensuring that these resources are adequately provided and managed, often necessitating establishing a transformation team or a team specialised in the type of transformation, such as a Cloud Centre of Excellence, to provide leadership and governance. This team plays a crucial role in coordinating resources, ensuring that the right technologies are adopted and that staff are well-supported throughout the process.

Having adequate resources is fundamental to the successful implementation and sustainability of transformation. Financial resources ensure that necessary investments in technology, infrastructure, and training can be made without compromising other business operations. Technological resources, including the right tools and platforms, enable the organisation to build robust, scalable solutions that drive efficiency and innovation. Human capital, the most critical resource, brings the expertise, creativity, and leadership necessary to navigate the complexities of transformation.

06. Resources

Together, these resources provide the foundation upon which digital transformation initiatives can thrive, ensuring that the organisation can effectively execute its strategy, meet its objectives, and sustain change over the long term.

A deficiency in resources can significantly impede the progress of digital transformation, leading to frustration and potential failure of initiatives. Teams may find themselves unable to execute plans effectively, facing delays or having to compromise on the scope or quality of projects. Insufficient financial resources can stall the acquisition of essential technologies or the development of infrastructure, while a lack of human capital limits the organisation's ability to innovate and adapt. Ultimately, the absence of adequate resources can result in missed opportunities, competitive disadvantage, and a decline in morale as teams struggle to achieve transformation objectives with inadequate support.

Identifying missing resources

Recognising when resources are lacking involves vigilant observation and assessment across several dimensions. Key indicators of missing resources include the following.

Delayed project timelines
Projects frequently miss their deadlines, potentially suggesting a lack of adequate resources to meet the planned schedules.

Overextended staff
Employees are consistently working beyond their capacity, indicating insufficient human capital or tools.

Innovation stagnation
A noticeable decline in new ideas or improvements, pointing to a lack of investment in development resources.

Frequent budget overruns
Projects often exceed their financial allocations, reflecting poor resource planning or management.

Stalled innovation projects
Innovation initiatives that are unable to progress due to a shortfall in technical, financial, or
human resources.

Increased outsourcing
A significant uptick in outsourcing essential functions could indicate internal resource shortages.

Employee burnout
Rising cases of employee burnout may suggest that staff are overstretched, pointing to insufficient
human capital.

Technology obsolescence
Persistent use of outdated technologies due to inadequate investment in updating or acquiring new technological resources.

Skills mismatch
A growing disparity between the skills employees possess and those required for effective digital transformation execution.

Identifying missing resources

The following questions can help find out if there are insufficient resources.

Are projects consistently missing deadlines?
Understanding whether delays are a common occurrence can highlight areas where resource allocations may be insufficient.

Do teams report feeling unsupported or lacking the tools to complete their tasks efficiently?
This question helps to identify if there are gaps in the technological or human resources available to staff.

Has there been a noticeable decline in the rate of innovation or the ability to implement new solutions?
A decrease in innovation could indicate that employees do not have access to the necessary resources to explore and develop new ideas.

Is there a clear understanding and allocation of the budget for digital transformation initiatives?
Assessing how well the budget is understood and allocated can reveal if financial resources are appropriately directed towards transformation efforts.

Identifying missing resources

Are employees receiving adequate training and development opportunities to support the transformation?
This question determines if there is a gap in educational resources necessary for upskilling employees to meet new challenges.

Are innovation projects frequently put on hold due to resource constraints?
This question helps to identify if a lack of resources is directly impacting the organisation's ability to innovate and stay competitive.

Have we increased our reliance on outsourcing for core functions? Why?
Understanding the reasons behind increased outsourcing can reveal areas where internal resources may be lacking or insufficient.

What are the current levels of employee burnout, and what factors are contributing to it?
High levels of burnout can indicate that employees are being asked to do too much with too little, signalling a need for additional or reallocated resources.

How current is our technology stack, and what barriers exist to updating or acquiring new technologies?
Identifying obstacles to technological updates can highlight financial or knowledge-based resource gaps.

Is there a skills mismatch in our workforce, and how is it being addressed?
This question assesses whether current employee skills align with the demands of the digital transformation and what measures are being taken to close any gaps.

Identifying missing resources

Besides understanding **IF** resources are lacking, it's equally important to understand **WHY** resources are lacking so the shortfalls can be addressed.

Has leadership prioritised and supported the initiatives requiring resources?
This question aims to assess the level of commitment and visibility that top management has given to the initiatives, which could affect resource allocation and availability.

Is there a detailed budget allocated for this initiative, and how is it managed?
Understanding the budgetary allocation and its management can reveal if resources are insufficient due to financial constraints or potential mismanagement of funds.

Are there competing projects or priorities that are diverting resources away from this initiative?
This helps identify if resource scarcity is a result of competing priorities within the organisation, leading to a reallocation of funds and personnel to other projects.

Have there been recent organisational changes that impacted resources?
Organisational restructuring, layoffs, or shifts in strategic focus can significantly impact the availability of both financial and human resources.

Identifying missing resources

Is there a clear process for requesting and allocating resources, and where does this process seem to break down?
Pinpointing inefficiencies or bottlenecks in the resource allocation process can highlight systemic issues that prevent resources from being appropriately distributed.

How are the performance and ROI of allocated resources currently measured, and could this impact future resource availability?
Understanding the metrics used to evaluate resource effectiveness can shed light on whether poor performance or inadequate ROI measurements contribute to a reluctance to allocate further resources.

Are there external factors, such as market conditions or supply chain disruptions, affecting resource availability?
This question broadens the scope to consider if external pressures are constraining the organisation's ability to secure necessary resources.
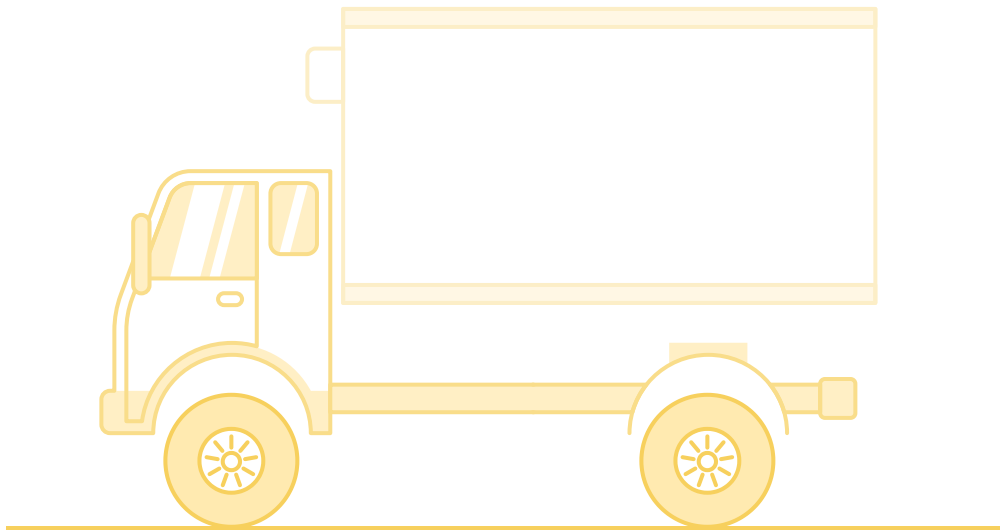
Addressing insufficient resources

There are several initiatives organisations can consider to address shortfalls in resources. Which ones are most appropriate will depend on the type of resources and the probable reason for the shortfall.

Strategic planning and budget allocation
Strategic planning and budget allocation for transformation begins with a comprehensive assessment of the resources necessary for the transformation, spanning technology, personnel, and financial investments. Crafting a strategic plan involves outlining these resource needs in detail, ensuring alignment with the organisation's overarching vision and objectives. This plan serves as a roadmap, guiding the distribution of resources in a way that supports the strategic goals of the digital transformation. It necessitates a careful analysis of current capabilities versus future requirements, identifying gaps and prioritising investments that will deliver the greatest impact on the transformation journey. Like any project, it is important to calculate appropriate risk margins on any estimates.

Addressing insufficient resources

Establish a governance and oversight team 〉〉

An established transformation or similarly specialised team responsible for governance and leadership, is also accountable for the effective allocation and management of resources across all transformation streams. Such a team should draw its members from existing teams within the organisation, leveraging their internal expertise and knowledge. Specifically for resource management, this might include people with relevant expertise from departments such as finance and operations. This centralised governance structure is tasked with overseeing the transformation's progress, ensuring that resources are allocated efficiently and that initiatives are aligned with the strategic objectives. By involving experienced personnel, the organisation fosters a sense of ownership and accountability for the transformation process, driving forward initiatives with a unified and informed approach.

Top-down support and clear communication 〉〉

A critical factor in securing the resources necessary for transformation is the unwavering, vocal support and clear communication from executive leadership. Leaders must articulate the importance and benefits of the transformation, highlighting how it aligns with the organisation's strategic direction. This top-down endorsement is vital for securing buy-in across the organisation, facilitating the allocation of resources, and overcoming resistance to change. Clear communication ensures that all stakeholders understand the transformation's goals, the rationale behind resource allocation decisions, and their roles within this process. This level of transparency and leadership commitment encourages a culture of support and collaboration, which is essential for success.

Addressing insufficient resources

Efficient resource management »

Maximising the impact of available resources for transformation requires efficient resource management practices. Organisations should employ resource management tools and methodologies to monitor and frequently adjust resource allocation based on the current situation. This includes conducting regular reviews of how resources are distributed across initiatives, prioritising projects based on their strategic value, and reallocating resources agilely to address emerging needs or challenges. Efficient resource management ensures that the organisation can respond swiftly to changes, optimising the use of its resources to achieve the best possible outcomes from its transformation efforts.

Leverage external funding and partnerships »

When internal resources are insufficient to fully support transformation initiatives, seeking external funding or forming partnerships could be considered. Collaborating with technology providers, industry consortia, or academic institutions can open up new avenues for accessing expertise, technologies, and additional financial resources. These partnerships can enhance the organisation's capabilities, introduce innovative solutions, and provide the financial backing necessary to pursue ambitious transformation projects.

By ensuring resources are strategically planned, efficiently managed, and aligned with the organisation's digital transformation goals, enterprises can overcome the challenges associated with resource constraints, enabling successful and sustainable change.

07. Action plan

07. Action plan

The action plan is the blueprint for navigating the complexities of digital transformation, encompassing the transition to cloud computing and the adoption of agile methodologies. This plan delineates the steps, timelines, and responsibilities critical to the transformation's success, ensuring that all efforts are strategically aligned and milestones can be realistically achieved. For cloud adoption, the action plan might encompass strategies for business process re-engineering, centralised team formation, enablement, financial operations (FinOps), and enhancements in DevOps practices. Similarly, agile transformation plans should elaborate on the phases of adoption, ranging from pilot projects to comprehensive implementation, incorporating feedback loops and iteration mechanisms. In cloud adoption strategy, these plans are typically encapsulated in a cloud strategy blueprint document, offering a detailed guide for executing the transformation.

Before embarking on the journey of transformation, it's imperative to have a clear understanding of the organisation's current state. This involves a thorough discovery process to map out existing capabilities, processes, and technologies. A gap analysis between this current state and the envisioned future state lays the foundation for the action plan, identifying the specific areas that require change and the steps needed to achieve the to-be state.

07. Action plan

An action plan serves as a comprehensive roadmap, coordinating initiatives to ensure they are executed efficiently and effectively. It helps prevent false starts and wasted efforts by providing clear direction and facilitating coordination across the organisation. Without a well-defined action plan, initiatives risk being launched without proper guidance or alignment, potentially leading to resource inefficiencies and delays in achieving transformation goals.

Cloud blueprint

In a cloud adoption strategy, a **cloud blueprint document** represents the action plan. This document serves as a comprehensive roadmap, guiding the organisation from its current operational state to its envisioned future state, as detailed in the **operating model document**. The cloud blueprint is built on a thorough gap analysis that identifies the disparities between the current operational capabilities and the target objectives outlined in the vision (covered in Chapter 2).

The process of developing this blueprint involves two critical stages. First, a clear articulation of the 'to be' state, which encompasses the organisation's aspirations, goals, and the strategic outcomes expected from cloud adoption. This vision should be well-defined, offering a clear picture of the desired future state and the benefits it brings.

Second, we determine the streams that we need, such as Organisational Change, Education, Engineering, and Compliance. Each of these streams will have its own squad with appropriate specialists to execute the roadmap and be focused on a particular area with its associated gaps and tasks. Streams are picked based on the type of work, teams they interact with, and their project management approach and pace — which can vary significantly between streams.

Third, the cloud blueprint must delineate the specific, actionable tasks required to bridge the gap identified in the analysis. This includes outlining a series of projects or streams of work, each with defined steps, responsibilities, and timelines, all aimed at achieving the milestones set forth in the vision.

Identifying a missing or incomplete action plan

Recognising the absence of an effective action plan involves looking for signs of disorganisation and misalignment within the transformation efforts. Key indicators of a lacking action plan include the following.

Lack of cohesive strategy
Initiatives seem scattered or lack a clear connection to overarching transformation goals, indicating the absence of a unified action plan.

Repeated delays and overruns
Projects frequently miss deadlines or exceed budgets, suggesting poor planning or a lack of detailed scheduling.

Confusion over responsibilities
Employees are unsure about their roles or tasks within the transformation effort, highlighting a lack of clear directives.

Minimal progress towards milestones
The organisation makes slow or no progress towards defined milestones, pointing to a lack of actionable steps.

Inconsistent understanding of transformation objectives

If different teams or departments have varying interpretations of the transformation's goals, it suggests the action plan is not clearly communicated or understood.

**Lack of or only short-term wins**

The absence of early achievements or "quick wins" that build momentum and confidence in the transformation process may indicate a poorly structured action plan. However, a plan that contains **only** short-term "low-hanging fruit" indicates the same. A plan should balance short-term wins and longer foundational transformation initiatives.

Resource allocation mismatches

Resources (time, budget, people) being allocated to low-priority projects or tasks that do not contribute to the transformation goals suggest a lack of strategic planning.

Feedback loops are missing or ineffective

Without mechanisms for collecting and integrating feedback into the transformation process, the action plan may fail to adapt to emerging challenges or opportunities.
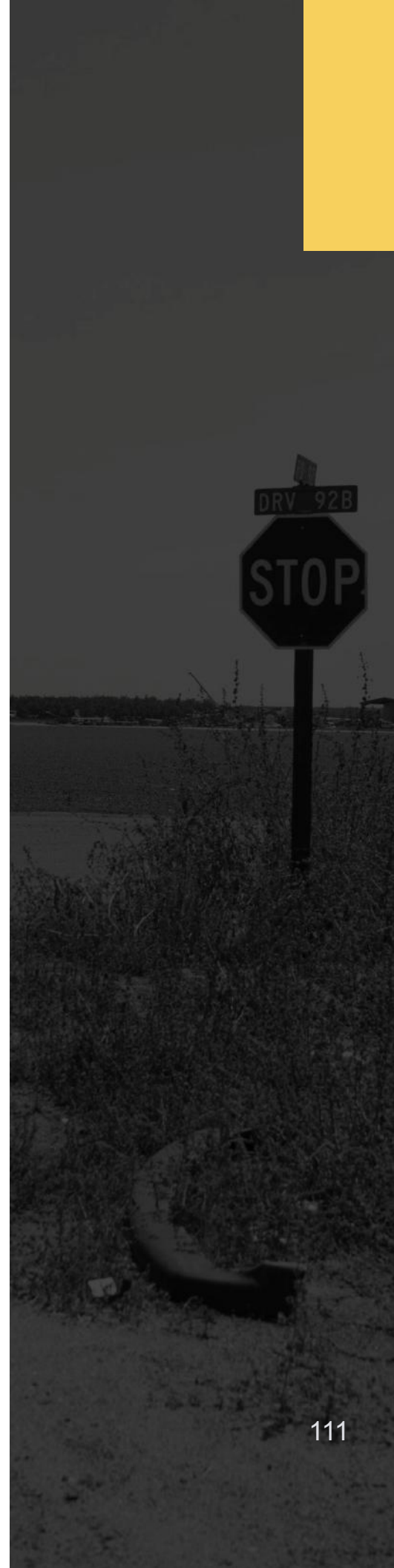
Lack of leadership

The transformation may have project managers and the teams executing, but if nobody is showing visible ownership across all streams and bringing consistency and alignment to the teams, it may indicate a lack of leadership planning in the resourcing.

Inconsistent, chaotic, and poorly facilitated meetings

Too many meetings, meetings constantly starting late and running over, people not attending meetings, meetings with no clear agenda or actionable next steps, and similar chaos can indicate poor planning and governance.

Transformation stagnates after a change-focused consulting engagement

While excitement may have been high during the engagement, it's not uncommon to see organisations struggle and grind to a halt after the consultants exit. Such engagements set things up with frameworks and a great vision but, due to the cost, do not always see them through execution to completion. The in-house teams will struggle to pick up where the consultants left off if the action plans are not clear enough or if the teams have not been sufficiently educated to lead transformation.

Identifying a missing or incomplete action plan

The following questions can help to identify a lacking or incomplete action plan for transformation.

Is there a documented plan outlining steps, timelines, and responsibilities for our digital transformation?
This question assesses the existence of a formalised action plan that guides the transformation efforts, ensuring that all team members are aligned and informed.

How are we tracking against our planned milestones and objectives?
Understanding how progress is monitored can reveal whether there are mechanisms in place to measure advancement and adjust the plan as needed.

Do all team members understand their roles and responsibilities within the transformation process?
Clarifying whether employees are aware of their specific tasks and how these contribute to the transformation can indicate the clarity and communication effectiveness of the action plan.
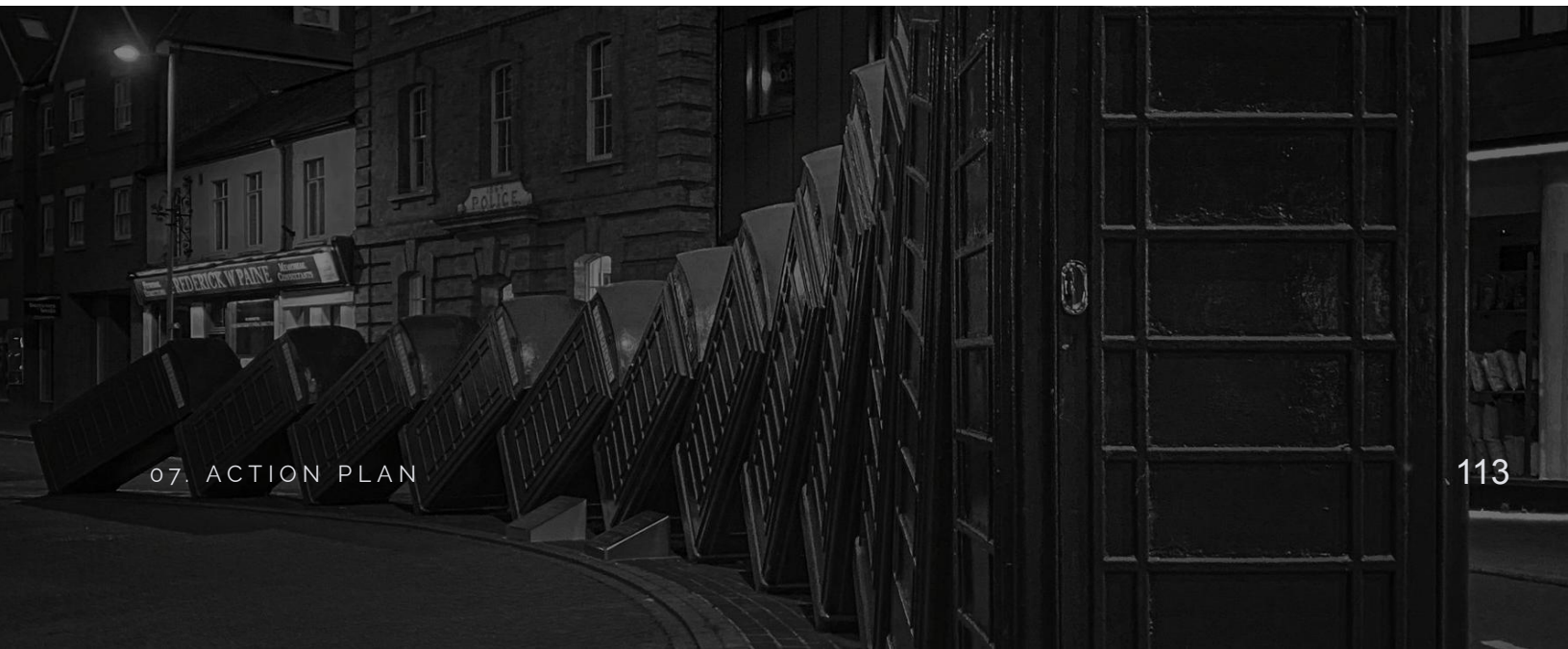
Identifying a missing or incomplete action plan

Have we conducted a gap analysis between our current state and our desired future state?
This question determines if the organisation has a clear understanding of where it stands and where it needs to go, which is essential for crafting an effective action plan.

Can team members articulate the immediate next steps in the transformation journey?
This question helps assess whether employees understand their role in the near-term execution of the transformation, indicating the clarity and dissemination of the action plan.

Are we celebrating short-term wins that align with our long-term transformation goals?
Recognising and celebrating early successes is crucial for maintaining momentum. A lack of such milestones may reflect an inadequately defined or communicated action plan.

How are resources being prioritised and allocated across transformation initiatives?
This question seeks to uncover whether there is a strategic approach to resource allocation that aligns with the action plan's priorities and milestones.

Is there a feedback mechanism in place to assess the effectiveness of current strategies and make necessary adjustments?
Effective action plans incorporate feedback loops to ensure the transformation remains responsive to both internal and external changes. The absence of such mechanisms can indicate a static or poorly articulated plan.

Developing an effective action plan

Creating an action plan requires cross-functional collaboration to ensure that all aspects of the transformation are considered. It should cover several critical areas.

- **Foundational capabilities**
  Strategies to cultivate agile methodologies and the right mindset are essential for supporting the transformation.

- **Governance transformation team**
  The establishment of a governance team and topic-specific teams, such as a centralised cloud team, to oversee the transformation efforts.

- **Business process re-engineering (BPR)**
  A review and modernisation of existing processes to enhance efficiency and adaptability in-line with the vision.

- **Technology change plan**
  Specific plans for adopting and integrating cloud platforms and other technological innovations.

Developing an effective action plan

- **Financial change plan**
  Strategies for modernising financial management, such as implementing FinOps strategies for the cloud to optimise financial operations and ensure cost-effectiveness.

- **Automation change plan**
  The adoption of DevOps practices to streamline and automate development and operational processes.

- **Education and advocacy plan**
  With change comes the need to learn new ways of working, new technologies, and new responsibilities. Education, and the associated incentives and career framework integration, are a critical part of transformation and the action plan. It is especially relevant to the plan as timing and alignment with other transformation initiatives are critical for education.

Set realistic milestones »

Milestones serve as tangible markers of progress, breaking down the transformation journey into achievable goals. These milestones not only provide a clear roadmap for the organisation but also help to reduce being overwhelmed and maintain momentum and focus throughout the process. When setting milestones, it is essential to balance ambition with feasibility, ensuring that each goal is challenging yet attainable within the given timeframes and resource constraints.

Developing an effective action plan

To effectively set these milestones, organisations should start by breaking down the overall transformation vision into specific, measurable objectives. Each objective should then be mapped to a timeline, taking into consideration the complexity of tasks, the availability of resources, and potential roadblocks. Regular checkpoints should be established to review progress, celebrate achievements, and recalibrate goals as necessary. This approach ensures that the transformation process is guided by a series of well-defined, strategic steps that collectively drive the organisation towards its desired future state.

While initial milestones are planned with specificity, later ones are higher level, offering targets without exhaustive detail. As each milestone is reached, future milestones are adjusted with increasing clarity, enriching the plan with more detailed, altered, or even new milestones based on the latest information and insights gained from completed milestones. This approach fosters flexibility and accommodates change, ensuring that the organisation remains agile and responsive in its pursuit of the transformation objectives.

Accountability mechanisms ≫

The success of a digital transformation plan relies heavily on the establishment of robust accountability mechanisms. These systems are designed to track progress against the set milestones, identify deviations from the planned trajectory, and facilitate the timely implementation of corrective actions. Accountability mechanisms can include performance dashboards, regular status meetings, and progress reports that provide visibility into the transformation efforts across the organisation.

Developing an effective action plan

Implementing such mechanisms requires clear definitions of roles and responsibilities, ensuring that each team member understands their contributions to the transformation goals. Key Performance Indicators (KPIs) should be aligned with transformation milestones, providing a quantitative basis for assessing progress. Regular review sessions enable the organisation to assess achievements, address challenges, and adjust strategies as needed, ensuring the transformation remains on course and that teams are held accountable for their part in the process.

Cross-functional involvement ≫

Engaging stakeholders from across the organisation helps the action plan to be comprehensive and aligned with the organisation's capabilities and goals. Cross-functional involvement brings together diverse perspectives, expertise, and insights, enriching the planning process and enhancing the plan's effectiveness. This collaborative approach ensures that the action plan reflects the needs and challenges of different areas of the organisation, fostering a sense of ownership and commitment among all involved.

To facilitate cross-functional involvement, organisations should establish a transformation governance structure that includes representatives from various departments and functions. Workshops, brainstorming sessions, and regular communication channels can help to gather input and foster collaboration. This inclusive approach ensures that the action plan is grounded in a deep understanding of the organisation's operational reality, leveraging internal expertise to address transformation challenges comprehensively. Moreover, it encourages the breaking down of silos, promoting a unified effort towards achieving the transformation objectives and building a culture that supports continuous change and innovation.

Developing an effective action plan

In cloud adoption strategy, a central cloud team will invite staff from across the organisation to join the available cloud-focused roles. For those who want to be involved in the cloud but don't have a suitable role in the team, the central cloud team can consider an advisory committee. Anyone in the organisation with an opinion about the cloud can join this committee to participate in the regular cloud strategy session and share their views and needs. This creates broader participation and a sense of shared ownership and accountability.

Action plan governance　》》

Governance refers to the frameworks and processes established to oversee the implementation of the transformation action plan. It ensures that the plan is executed in alignment with the organisation's strategic objectives, compliance requirements, and risk management protocols. Effective governance provides a structured approach to decision-making, resource allocation, and performance monitoring, ensuring accountability and transparency throughout the transformation process.

To establish effective action plan governance, organisations should first set up a governance structure. This involves creating a dedicated board or committee that includes leaders from crucial areas such as IT, finance, operations, and human resources. The role of this governance body is to oversee the entire transformation process, ensuring strategic alignment, overseeing resource allocation, and resolving issues that may arise. It's crucial that the governance structure has clear authority and is recognised across the organisation to make impactful decisions.

Defining roles and responsibilities (a RACI) creates accountability by delineating who is responsible for each aspect of the transformation, from strategic decision-making to day-to-day implementation tasks. Clear communication of these roles and responsibilities helps prevent overlaps and gaps, ensuring efficient progress toward transformation goals.

Developing an effective action plan

Decision-making frameworks guide the governance structure's choices. These frameworks should outline how decisions are made, including criteria for project prioritisation, guidelines for resource distribution, and steps for addressing challenges. By establishing these frameworks, organisations can ensure that decisions are made consistently, transparently, and in alignment with strategic objectives.

Regular reporting and review sessions are necessary to monitor progress, celebrate achievements, and identify areas needing attention. These sessions should be structured and occur at regular intervals, providing the governance board with up-to-date information on the transformation's progress. Utilising dashboards and performance metrics can offer a concise, real-time overview, facilitating informed discussions and decisions.

Risk management »

Risk management begins with an assessment to identify potential threats. Various domains must be considered, such as technology, finance, operations, cybersecurity, and others specific to the industry, organisation, or type of engagement. Identifying risks early allows for the proactive development of strategies to mitigate their impact, such as diversifying technology platforms, enhancing security measures, or fast-track education programmes for the teams that will be involved in the transformation from the start. When searching for and identifying risks, keep an open mind and dedicate as much time as possible to finding risks without worrying too much about their probability.

Developing an effective action plan

Knowing the risk is only half the effort, or less. Developing mitigation strategies for each identified risk is just as important. These strategies should be actionable and specific, tailored to address the unique challenges posed by each risk. Implementing these strategies requires careful planning and resources, underscoring the importance of integrating risk management into the broader transformation planning process.

Once you have the list of risks, determine their time sensitivity. Each risk starts before transformation, during transformation, or after transformation — group them accordingly. Then, we will score them using a 1-5 rating for the likelihood of the risk materialising and the same for the potential impact on the transformation should the risk materialise. I find it helpful to focus on their impact on the transformation initiative as it keeps them focused on those relevant to transformation. It's easy to go down a rabbit hole of compliance and other regulation risks that have no impact on nor are impacted by the transformation otherwise.

For each risk, we can calculate the risk score by multiplying the likelihood rating by the impact rating. This will result in a 1-25 score indicating the value of solving or mitigating each particular risk. Similarly, for each identified mitigation strategy, assign an effort score on a scale of 1-5, which indicates the resources and time required for implementing that mitigation strategy.

Developing an effective action plan

With these scores in hand, we can organise the risks into a quadrant. Do this separately for each of the timing groups. Each quadrant, plotted with the risk score on the vertical axis and effort on the horizontal, simplifies prioritisation into four categories. Just place risks in each quadrant; we don't need to worry about where within each quadrant, as the risk score will provide that more fine-grained prioritisation later. The four resulting prioritisation groups (for each of the timing groups) are as follows.

	Low effort	High effort
High risk score	Quick wins that should be addressed immediately.	Foundational changes that require early attention and sustained effort over time. Be sure to break these into smaller chunks of work so progress can be shown sooner for each iteration.
Low risk score	Tasks to be completed as opportunities arise, without much urgency.	Best to avoid due to the disproportionate effort-to-value ratio. The required cost and time may not be justified for the risk posed.

Developing an effective action plan

The timing groups, followed by the quadrant groups, provide the initial prioritisation. As noted, the risks within the groups can be further prioritised with the risk score, providing a list of prioritised risk mitigations that make the most sense for the organisation and transformation initiative.

An ongoing mechanism for monitoring and reviewing risks ensures that the organisation remains vigilant and can respond to new threats or changes in the transformation landscape. This adaptive approach to risk management supports the long-term resilience and success of digital transformation efforts.

Sustainability »

Sustainability focuses on ensuring that the transformation initiatives are scalable and can evolve to meet future challenges. Together with risk management, it ensures that the transformation is resilient, capable of adapting to changes, and built for long-term success.

Sustainability is achieved by designing transformation initiatives with future growth and adaptability in mind. This involves selecting flexible and scalable technology solutions that can grow and evolve with the organisation. For example, choosing the cloud over on-premises helps the business adapt its available infrastructure resources based on customer demand without the need for significant overhauls or major investments. Moreover, sustainability in digital transformation is also about developing skills within the workforce that remain relevant as technology evolves. This could involve creating learning pathways that encourage continuous skill development in areas like data analysis, cybersecurity, and cloud architecture.

Developing an effective action plan

In planning for scalability, organisations must also consider the processes and workflows that underpin their operations. Processes should be designed to be agile, allowing for rapid adjustment in response to changing market conditions or internal demands. This might involve adopting principles from lean management to eliminate waste and increase efficiency or from agile methodologies to enhance responsiveness to change.

Continuous innovation and adaptation »

Create a culture and processes that encourage ongoing improvement and responsiveness to emerging technologies and market trends. This ensures that the organisation remains competitive and can leverage new opportunities for growth and efficiency. Visible top-down support and free reign to explore and develop new ideas for products and services is key — the hardest challenge of innovation is allowing competition with the existing core business. The downfall of Kodak is a well-known example of this. They had great innovation — they invented the digital camera, but the innovating teams were blocked from competing with the core business, ultimately leading to largely missing out on the digital camera market.

Fostering a culture of continuous innovation requires creating an environment where experimentation is encouraged and failures are seen as learning opportunities. Organisations can support this culture by establishing innovation labs or hackathons where employees are given the freedom to explore new ideas and technologies. Recognising and rewarding innovative efforts, even when they don't lead to immediate success, reinforces the value placed on creativity and experimentation.

Developing an effective action plan

Implementing agile processes across the organisation further supports continuous innovation and adaptation. Agile methodologies, characterised by short development cycles and frequent feedback loops, enable teams to quickly iterate on and refine ideas. This approach not only accelerates the pace of innovation but also ensures that developments are closely aligned with user needs and the business goals.

Investing in continuous learning and professional development is crucial for maintaining an innovative and adaptable workforce. Organisations should provide access to training and certification programs, encourage attendance at industry conferences, and support participation in professional networks. This ongoing investment in skill development ensures that employees stay at the forefront of technological advancements and best practices.

Besides training, look for opportunities to explore and learn about other businesses, especially those in other industries. Innovation often comes from the cross-pollination of ideas. An idea, product, or process that works in one industry that can be adapted into something that works in another.

Keeping a pulse on emerging trends and technologies — including those outside your industry — can offer opportunities for organisations to seize new opportunities and anticipate disruptions. A dedicated team can be made responsible for scanning the external environment, evaluating the potential impact of new technologies on the organisation's operations and strategy, and determining strategies to either incorporate or mitigate the technology. By remaining attuned to the external landscape, organisations can adapt their strategies and operations proactively, ensuring long-term relevance and competitiveness.

08. Conclusion

Conclusion

We have explored the essential components necessary for a successful digital transformation: Vision, Alignment, Skills, Incentives, Resources, and an Action plan. Each of these elements plays a critical role in steering an organisation towards its desired to-be state, providing a structured framework for navigating the complexities of change.

Vision sets the direction, offering a clear picture of what the organisation aspires to achieve through its transformation efforts. It's the cornerstone upon which all other components are built, ensuring every action contributes to the overarching goals. Beyond aspirations, the vision must be grounded in reality and actionable.

Alignment ensures that the transformation efforts are cohesive across all levels of the organisation, from senior leadership to front-line employees. It bridges the gap between the strategic vision and operational execution, ensuring that all efforts are synergistically driving towards the same objectives.

Skills development is vital for empowering the workforce to navigate new technologies and methodologies effectively. Investing in training and development ensures that employees are not only prepared to support the transformation but are also equipped to drive innovation.

Incentives motivate and encourage the desired behaviours and contributions necessary for transformation. Well-designed incentive structures align individual goals with organisational objectives, fostering a culture of continuous improvement and achievement.

Resources provide the fuel for the transformation engine. Adequate and available funding, technology, and people are essential for implementing the changes laid out in the vision.

Conclusion

The action plan provides the roadmap, outlining the steps, milestones, and metrics that guide the organisation from its current state to its desired future state. It incorporates agility, allowing for adjustments based on real-time insights and feedback.

Bringing these components together creates a robust ecosystem that supports and accelerates transformation. Identifying how well these elements are represented within your organisation is crucial for understanding where gaps may exist. Asking targeted questions about each component can reveal areas of strength and opportunities for improvement.

Identifying potential gaps is the first step towards addressing them. Refer back to the detailed strategies and recommendations outlined in earlier chapters to develop targeted actions for each area. Whether it's enhancing skills development programs, revising incentive structures, or refining the action plan, each step taken should align with the ultimate goal of achieving a successful digital transformation.

As you move forward, continually assess the effectiveness of these components within your organisation, using the insights and strategies provided in this guide as a roadmap for action. Remember, transformation is a journey, not a destination. It requires perseverance, adaptability, and a commitment to continuous improvement.

About the author

Thomas Smart has been actively involved with digital projects since 2002. His experience crosses many industries and types and sizes of organisations, giving him a wealth of experience and knowledge to draw upon as part of his consulting services. Since 2020 he has worked as a cloud strategy consultant, helping large, regulated enterprises establish or evolve a successful, scalable, and effective cloud strategy.

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Cloud and agile transformation in large enterprises

Cloud and agile transformation in large enterprises serves as a navigator for organisations embarking on the complex journey of transformation. Through a detailed exploration of six critical components — Vision, Alignment, Skills, Incentives, Resources, and Action Plan — it provides a structured framework to guide businesses through the intricacies of change. Each chapter delves into practical strategies, essential questions, and actionable insights, enabling leaders to understand and implement each component. From establishing a clear and compelling vision to mobilising resources and fostering a culture of agility and innovation.

This whitepaper emphasises real-world application, highlighting how these components interconnect to create a realistic transformation strategy. It challenges organisations to critically assess their current state, identify gaps, and take decisive steps towards their desired to-be state. Whether you're looking to refine your approach or starting from scratch, this guide serves as an invaluable resource.