

Managing Organizational Transformation – Lessons Learned ^{1, 2}

Huma Sohrwardy, PgMP, PMP, MSc

Abstract

A survey of directors, CEOs' and senior executives found that transformation risk is their #1 concern. Yet 70% of large-scale Organizational Transformation (OT) initiatives fail to achieve their goals [1].

Multiple factors attribute to OT success, the key ones are companies having a shared vision / strategy internally, high level of senior leadership commitment, employee engagement, organizational agility, clear understanding of market trends and strong program management and program managers.

Successful program managers are subject matter experts (SMEs), have business knowledge, clarity of vision, empathy, and the ability to think outside the box. In recent years, the program manager role has evolved from being a program management SME to understanding the business environment they operate in. This is especially important when managing OT initiatives coupled with an effective and efficient program management framework.

Introduction

This paper describes organizational transformation (OT) and presents, at a high level, key OT areas that play a significant role in achieving successful outcomes.

It elaborates on the delivery framework that supports organizational agility and program management competencies related to OT. Although the key success factors described here are not new, it is the approach and tools to manage them that have evolved.

Pulling from the author's experience in leading healthcare OT programs, the paper will present OT case studies and lessons learned.

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² How to cite this paper: Sohrwardy, H. (2023). Managing Organizational Transformation – Lessons Learned; paper presented at the 15th University of Texas at Dallas Project Management Symposium in Richardson, TX, USA in May 2023; republished in the *PM World Journal*, Vol. XII, Issue IX, September.

Organizational Transformation

“Transformation refers to an organization achieving a sustainable quantum-leap improvement in performance while transforming the mindsets of employees and thus the culture of the organization” [2]. Transformation focuses on the cultural and operational shift within an organization to support and sustain change [3].

Companies adopt advanced technologies to support transformative change and continuous innovation. This is because digitalization continues to change industry configurations and the traditional competitive landscape [4]. Yet changing the employees’ mindset, winning the hearts and minds, and changing the organization’s culture can be challenging.

Culture can be described as the way employees do things in an organization. It is invisible, intangible, and comprised of unwritten rules that drive employee behavior. According to the management guru, Peter Drucker, “Culture eats strategy for breakfast.” Briefly, the culture of the organization needs to be factored in strategy development and deliberate steps must be taken to drive the cultural shift for successful OT.

Strategic initiatives are the bridge between strategy design and delivery. Program management plays an important role in bridging this gap.

When it comes to emerging technologies that significantly improve organizations’ ability to implement strategic initiatives, automation, cloud computing, artificial intelligence (AI), internet of things (IoT), mobile devices, block chain and apps are some of the most impactful tools [3].

The study conducted by Brightline and the Project Management Institute, found that the automotive, technology, manufacturing, and consumer goods sectors appeared at the top of the list of quickly transforming industries [3] (Figure 1).

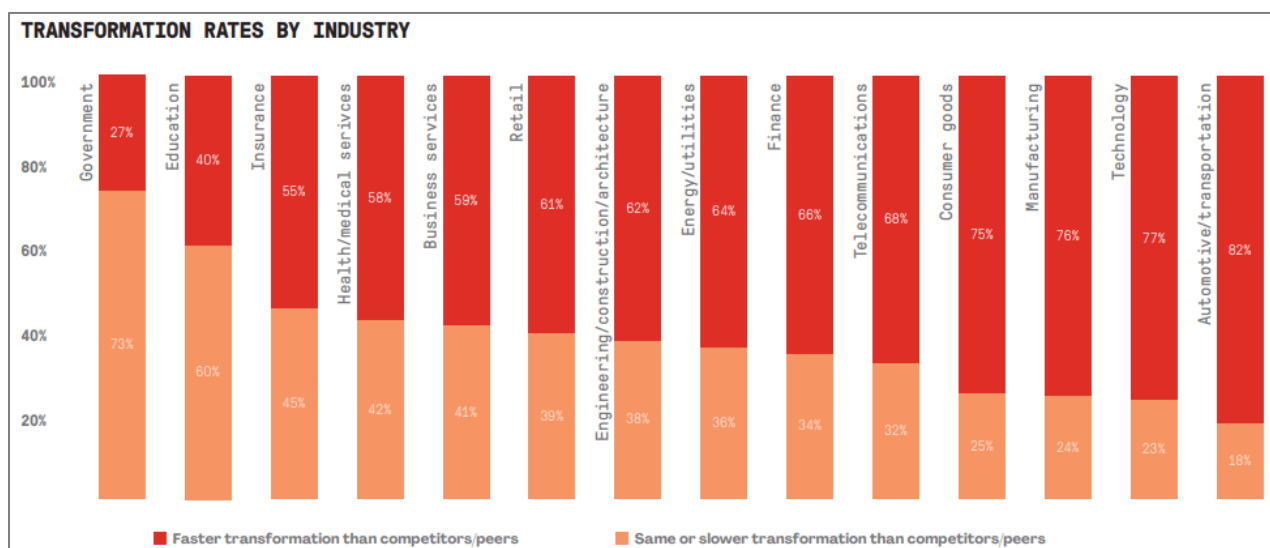


Figure 1: Transformation Rates by Industry. Source: Brightline Strategic Report. 2020

Having set the OT context, the next section describes its critical success factors.

Critical Success Factors

The core areas outlined in this section are critical to the success of strategic initiatives (Figure 2). These are:

- **Transformation Vision**

The transformation vision is the organization’s “North Star” that supplies clear direction on the “what,” “how” and “who” of the desired future state. This sets the foundation for transforming an organization.

- **Senior Leadership Commitment**

Senior leaders must embrace the vision and motivate and inspire employees to adapt to the change and cultural shift. They must inspire and lead by example; set a clear direction for the organization.

				
Transformation Vision	Senior Leadership Commitment	Employee Engagement	Organizational Agility	Strong Program Management
<ul style="list-style-type: none"> • The North Star • Clearly articulated Transformation vision, goals and objectives • Communicate at all levels of the organization 	<ul style="list-style-type: none"> • 100% Transformation support • Motivate and inspire employees • Lead change; set an example 	<ul style="list-style-type: none"> • Employees need to drive the transformation • Empower employees • Thought leadership • Identify future leaders 	<ul style="list-style-type: none"> • Be agile in strategy execution • Fail fast fail forward; allow for quick course correction • Distributed decision making • Light governance process 	<ul style="list-style-type: none"> • Strategy delivery • Risk management & compliance • Benefits tracking and realization • Organizational change management • Team building

Figure 2: Organizational Transformation – Key Success Factors

- **Employee Engagement**

Employees need to drive and manage the transformation for it to be sustainable. It is a good opportunity to identify thought leaders in the organization and involve them in strategy execution. Employee transformation is equally important as organizational transformation [2]. This helps develop a plan for professional and personal growth which results in employee buy-in for sustainable change.

• **Organizational Agility**

Transformational strategic initiatives must be agile and fast in nature. Agility allows the organization to course correct at short intervals, i.e., it supports the idea to “fail fast and fail forward.” Understand that failure is part of the organizational shift, and the best approach is to learn, recalibrate and move forward without losing focus on the overall goals.

The agile delivery framework supports cross functional collaboration and autonomous decision making without compromising regulatory and legal compliance and risk management. It is key that the team members are trained in it prior to starting work.

The delivery framework below provides a high-level approach to organizing and managing delivery of strategic initiatives (Figure 3).

a) Steering Committee

The steering committee plays a governing role and is made up of members of the C-Suite, including the Chief Transformation Officer (CTO). The committee must be kept up to date with progress and provides guidance on direction and decides on matters escalated to it. The program manager is responsible to provide updates on progress.

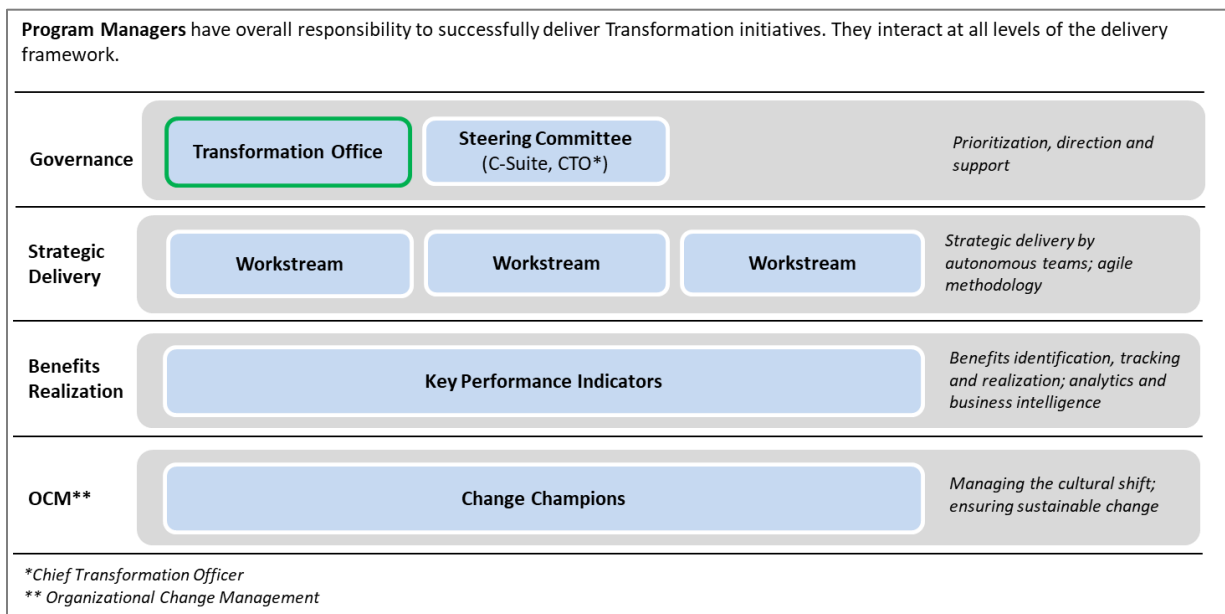


Figure 3: Delivery Framework

b) Workstreams

These are autonomous teams, led by a team lead, which deliver core parts of the bigger transformation puzzle. The workstreams can be functional teams or support a core

initiative(s) within a larger transformation program/portfolio. The teams are made up of thought leaders and technical SMEs who have a shared understanding of the strategic vision.

c) Change Champions

Change champions are hand-picked to support sustainable shift within the organization. The key selection attributes are their belief in transformation, openness to change, and ability to take on two roles, the day-to-day responsibilities and transformation work. They are thought leaders, open to feedback, and have technical subject matter expertise. They move into leadership roles after the initiatives are delivered and continue to play active roles in continuous operational improvement.

• **Strong Program Management**

Program Managers are the glue that keeps the transformational components together. Their primary focus is to successfully manage the transformation initiatives using program management best practices. The key program management (PM) areas and competencies are highlighted in Figure 4.

a) Program managers drive strategy execution, keep the multiple teams focused on strategic goals and manage synergies and inter-dependencies between the different workstreams. Experience with Agile principles is an important competency.

1	2	3	4	5
Strategy Delivery	Risk Management & Compliance	Benefits Tracking & Realization	Organizational Change Mangt.	Team Building
<ul style="list-style-type: none"> • Agile framework • Program governance • Strategic oversight and delivery 	<ul style="list-style-type: none"> • Effective and efficient process to manage risks and issues • Legal and regulatory compliance oversight 	<ul style="list-style-type: none"> • Benefits identification and monitoring • Data analytics and Key Performance Indicator reporting 	<ul style="list-style-type: none"> • Network of Change Champions • Continuous improvement loops • Feedback channels 	<ul style="list-style-type: none"> • Lead by example • Clearly defined roles & responsibilities • Open to ideas and feedback • Celebrating teams wins and successes • Development plans and performance reviews in place

Figure 4: Program Management – Key Areas and Competencies

- b) The program manager must have knowledge of industry specific compliance and regulatory requirements. They must ensure workstream decisions are reviewed and approved by risk and compliance teams.
- c) Benefits tracking and realization are a critical part of OT. The Key Performance Indicators (KPIs) measure the effectiveness of organizational transformation. Program Managers must have sufficient knowledge of industry metrics to facilitate identification and tracking of KPIs throughout the delivery life cycle.
- d) Although there are overlaps between program management and organizational change management (OCM), OCM is a core function that plays a key in overall strategy execution. Program managers themselves are change agents and must work closely with the OCM and workstream teams to identify impacted stakeholders, assess impacts and manage the organizational shift. The change champions network plays a significant role in OCM.
- e) The program managers must make sure that the teams' roles and responsibilities are documented and shared with the transformation team prior to onboarding them. They support the operational and human resources (HR) team, by making sure that the team members develop professional development plans that allow them to grow within the organization.

Organizational Transformation - Case Studies and Lessons Learned

The previous sections set the OT context, success criteria and proposed a delivery framework. This section exemplifies OT success factors using case studies from two major OT initiatives in healthcare.

Case Study # 1

Background

Company A is a home health services, personal care services and hospice care. It operates in 31 states in 250+ locations, has an employee base of 30,000 trained professionals and a census of ~200,000 patients.

The company embarked on an organizational transformation journey in 2019. Phase One of the transformation was to introduce efficiencies in the referral Intake function. The existing Intake function was decentralized, the process lacked real-time transparency and collaboration between Sales, Intake, Insurance and Clinical teams was time intensive. This caused delays in referral acceptance.

The transformation goal was to reduce the time it took to accept a referral and increase referral conversion rate by:

- (a) standardizing minimum data required for referral acceptance “standard referral”;
- (b) defining team-based Service Level Agreements (SLAs) to measure performance and efficiencies; and
- (c) implementing cloud-based technology and web apps to allow for real-time transparency in the intake process, improved collaboration between Sales, Intake, Insurance and Clinical teams and future scalability. This set the stage for setting up a centralized shared services (intake and insurance) function.

Phase One took 18 months to complete, from ideation, to development and rollout in the company’s 100+ branches. This included the 3-month roll-out freeze during COVID-19 when the company’s strategic initiatives were reprioritized to focus on employee and patient safety first.

Delivery Framework

Transformation Program Manager (PgM) was assigned to lead Phase One. PgM reported into the Vice President (VP) Transformation. The Chief Operating Officer (COO) was the program sponsor. The company’s Executive Leadership Committee (ELT) served as the Steering Committee.

The cloud computing vendor was engaged as the implementation partner to deliver the solution using their Agile development methodology. An in-house software development / quality assurance team was established to maintain the new technology platform after the initial deployment.

Work streams were established with a focus on specific program areas i.e., information technology, referral standardization and business operations.

OCM activities were facilitated by the program manager in collaboration with business stakeholders. A community of change champions was established to support the new Intake process and technology solution. They formed the feedback loop for continuous improvement. The change champions used the same technology platform to collaborate and share knowledge.

Lessons Learned

- **What Worked Well**

- “Reimagining Care” was the phrase used by leaders and employees across the company – it was used instead of “transformation” to increase employee engagement and motivate them to look at opportunities at a personal and professional level.

Lessons Learned

- The CEO requested bi-weekly progress updates and supported the transformation team in resolving concerns raised at an operational level. The leadership team sat in the Kaizen sessions which helped raise the level of employee engagement. From a program management perspective, the C-suite support was instrumental in resistance and roadblocks.
- Representation in Kaizen sessions (shared services, operations, sales, legal, clinical, finance, human resources) drove engagement. Employees felt that their opinion mattered and harnessing their combined knowledge and making decisions helped drive engagement.
- An incremental approach was taken to roll out the new Intake platform by region. From a program management perspective, the incremental rollout provided the agility to course correct as needed.
- The development of a “playbook” to support regional rollouts was a success. It helped in ensuring a shared understanding of core activities and removed guesswork from each rollout. This approach was used as a benchmark on subsequent OT phases.
- The change champions network also played a vital role in explaining the “why” and “what is in it for me” to employees in the context of their day-to-day responsibilities. Prior to each regional rollout, the change champions selected by regional leaders, were trained in the new process / platform, and supported the transformation team during the regional rollout.

In addition, they became key SMEs in the next regional roll out, supporting the new change champions. The “pay it forward” approach was successful.

• What Could Have Improved

- Each region had its own intake and referral acceptance nuances which did not fit the new Intake workflow. The issues were eventually addressed – in hindsight, a more detailed stakeholder analysis and impact assessment should have been conducted to determine the current state. This is partly attributed to not having a dedicated OCM team.
- The IT software development team was new to Agile principles. The team went through a transformation in how they delivered software. This caused a few development delays. A team well versed in Agile, supported with a mature Agile methodology, would have hit the road running.
- High level KPIs were identified up front but actual work to track and monitor results was deferred to after rollouts were complete. The delay in incrementally presenting data driven results gave the “sceptics” an opportunity to push back on the new Intake

Lessons Learned

process. The benefits realization approach and process should have been developed in tandem and executed incrementally to avoid this.

Case Study # 2

Background

Company B is an established and reputable integrated health system. It has 42,000 employees, 7,400 primary care physicians and specialists, and 3919 beds. It services 3,736,000 outpatient visits to offices and clinics (non-emergency) and 396,714 emergency department visits.

The organization embarked on a companywide, multi-year digital transformation initiative in 2022. The overall goal was to improve patient and employee experiences by optimizing key processes and introducing differentiated experiences for both new and existing patients. This was supported by cutting edge technology, i.e., collaborative artificial intelligence (CAI), virtual care and remote patient monitoring tools.

Delivery Framework

The company engaged a management consultancy to develop, in collaboration with key employees, the digital transformation business case, 3-year roadmap and value delivery framework. The program was led by the Chief Nursing Informatics Officer (CNIO) and with program management office (PMO) oversight.

A new digital governance structure was established especially for the initiative with key clinical and non-clinical representation. A key part of governance was to ensure that patient accessibility and equity was adequately addressed in the initiatives.

Workshops were conducted upfront to identify and prioritize new capabilities through patient and employee surveys and interviews, focus groups and market research.

Work streams representing patient experiences were set up and assigned delivery teams.

OCM was led by the PMO's change management practice and digital ambassadors that supported patients and employees during the transition. The company's marketing team ran a digital experience campaign targeting both internal and external communications.

The delivery teams transitioned to a hybrid Agile process. The company had a mature Waterfall methodology supported by the PMO.

Lessons Learned

• What Worked Well

- The clarity of the transformation vision helped direct prioritization of value driven work and provided a blueprint for communication and overall employee engagement.
- The governance structure ensured C-Suite and leadership engagement. This worked well in setting the direction of the roadmap. It also provided a framework to prioritize initiatives and course correct.
- From a program management perspective, this assisted in removing delivery roadblocks and set work cadence based on approved priorities. Leadership level engagement with vendors helped remove integration roadblocks.
- The digital ambassadors were the face of OT for employees. A team dedicated to supporting employees during the change made a marked difference in overall uptake. Employees working on the transformation work streams came together in quarterly on-site meetings to socialize, join in team building activities and see first-hand the change they were helping bring about in the organization.
- The 3-year roadmap was delivered in quarterly releases using a hybrid Agile methodology.
- The PMO provided the program and project management support needed to manage the extensive digital roadmap. A mature PMO was fundamental in delivering in a consistent and timely manner.
- Dedicated OCM support was a tremendous help managing the change for both employees and patients.
- Separating the ideation workshops from actual delivery helped delivery teams focus on the task at hand. Having the right skills set and resources on the program was a key success driver.
- A formal framework for identifying and monitoring KPIs helped in ensuring processes were in place prior to completing an initiative. A dedicated Data Insights team was assigned to build and support a KPI dashboard in line with the business case.

• What Could Have Improved

- The hybrid Agile methodology was rolled out a couple of months after the transformation program commenced. The transition caused some confusion in roles and responsibilities, especially between the project managers and product owners. The process was not applied consistently across the board initially but improved with PMO coaching and support. This would have been avoided by training and getting teams familiar with it before starting roadmap delivery.

Conclusion

Program management on OT and non-OT initiatives utilizes the same best practices with a focus on agile delivery, regulatory compliance, risk management, benefits realization and in-depth OCM support and facilitation.

Lessons learned from the case studies presented in this paper, have commonalities in what has worked, i.e., a clear transformation vision provides future state direction, which in turn increases employee engagement and helps drive the cultural shift. Data driven approach to measure success is key as is building a solid foundation for managing change. Employees need to be engaged and drive the cultural shift.

OT success factors are not new, but it is the approach and tools to manage them that have evolved and will continue to do so with innovative technologies.

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About the Author



Huma Sohrwardy

Dallas, TX, USA



Huma Sohrwardy, PgMP, PMP, MSc is a senior IT / business transformation executive with over 15 years of experience in Healthcare. Leveraging consultative and innovative approaches, she has a track record for delivering business goals through strategy delivery, cross functional leadership and organizational change management. Worked in Transportation, Government, Manufacturing, Finance and non-for-profit sectors in the US and Asia Pacific.

Huma holds a Master of Science degree in Computing and PMI's globally recognized Program and Project management certifications. She served on the PMI Dallas board and is an adjunct instructor at the Jindal School of Management, UTD. She has recently joined the ISM Dallas Mentor Program at UTD. She can be contacted at hsohrwardy@hztechnologies.com.