



# Business Transformation: is a journey

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“Most major change initiatives - whether intended to boost quality, improve culture, or reverse a corporate death spiral - generate only lukewarm results. Many fail miserably.”

John Kotter, Professor of Leadership, Emeritus, at the Harvard Business School

The pace of change continues to increase. It's become a business imperative for organisations to transform their business and operating models in response to evolving customer behaviours, disruptive technologies, regulatory policies, and globalisation. Yet many senior executives feel their organisations are not capable of driving the transformational changes necessary to create higher performing organisations. Senior executives are alert to the rapidly unfolding risks and opportunities, but many lack key capabilities to respond effectively. These are among the top conclusions of KPMG's 2016 research on business transformation. KPMG's Global Transformation Study found that 96 percent of organisations are in some phase of transformation, and nearly half have completed at least one transformation initiative in the past 24 months. Alarming, one in three CEOs (34 percent) say their organisations have failed to achieve the value they anticipated from transformation initiatives for the following reasons:

- **Failure to understand the complexity of the operating model:** The most commonly identified barrier to success (37 percent of executives) is underestimating the significance of operating model changes necessary to affect transformation across the organisation.
- **Inability to innovate:** Nearly a third (31 percent) of executives say their organisations are incapable of implementing formal innovation processes, management, and budgets.
- **Missing the cultural connection:** Twenty eight percent of executives say their existing organisational culture is a barrier to execution.
- **Failure to take a 'business value first' approach to technology:** Thirty percent of executives say their organisations' legacy technology/systems are a barrier to success. Transformations that begin with a specific technology are twice as likely to fail.

- **Inability to execute:** Only 17 percent of executives say their organisations are highly capable of executing on an implementation plan to build and operationalise a new target operating model.

Our research has further found that the critical success factors are:

1. Focus on the customer
2. Embed continual innovation into the business
3. Learn to thrive on change

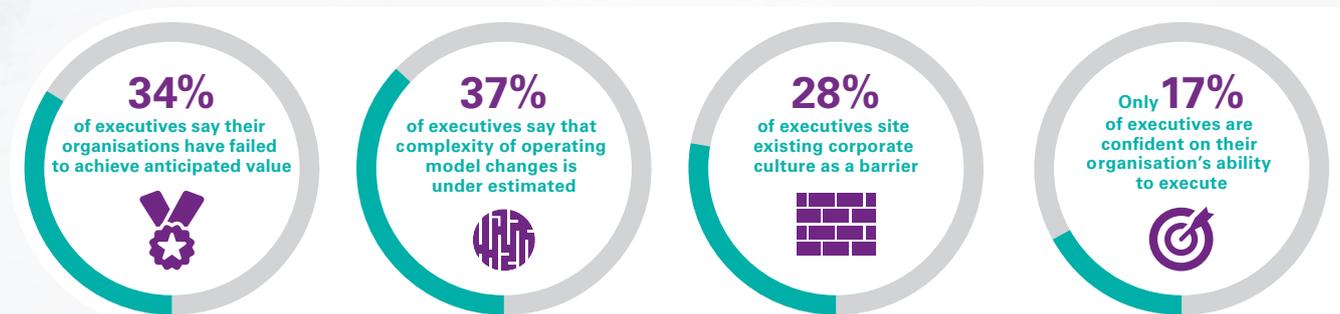
Our latest study reinforces research by the Harvard Business Review which found that large projects typically run 45 percent over budget and 70 percent over time.<sup>1</sup>

Transformations are journeys are often complex, challenging and consuming. There is a need for change and a real opportunity has been created to transform the organisation, backed by increasing expectations and yet constrained budgets. We know that transformations can be daunting. KPMG's involvement in some of Australia's largest and most complex reform programs reveals that transformation programs can indeed be successful. KPMG has a unique team that combines experience with a real passion for partnering with clients and focussing on their business outcomes.

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1 Harvard Business Review 2011

## Challenges to achieving successful transformation



KPMG Transformation Study 2016

## Why KPMG?

### 1 Experience delivering powerful change inspires us

- We have a passion for taking on complex and important challenges.
- Our level of industry awareness and integration offers clients the best possible team.
- Our ongoing commitment to our client relationships is a reflection of KPMG's exceptional client service.

### 2 Empathy connected to the client vision

- We seek to be your trusted partner and so provide constructive challenge and support.
- We combine deep industry experience and subject matter expertise to help organisations successfully transform.
- We understand the political and technical impediments program face, industry by industry.

### 3 Deep knowledge and expertise

- KPMG has the people, processes and tools to uncover what really matters to clients to help deliver the transformation agenda.
- KPMG accelerates program delivery through insight driven methods and tools:
  - 'Source' our next generation methods and tools platform.
  - U-Collaborate events: a powerful facilitation tool for solving highly complex, mission-critical business problems.
  - Top down planning and estimating to produce a program/project plan with a clearly defined scope, schedule and cost estimate.

### 4 Seamless execution working together

- The way we work is through collaboration building on the best of ideas and capabilities from all parties involved.

Experience > Empathy > Knowledge > Seamless Execution

# BUSINESS TRANSFORMATION CAN BE AN INTIMIDATING JOURNEY

HIGHLY EXPERIENCED AND MOTIVATED TEAMS KNOW THAT IT TAKES MORE THAN A PROJECT PLAN TO EMBARK ON A SUCCESSFUL TRANSFORMATION JOURNEY

## LEADERSHIP

There is a difference between a committed and an involved C-Suite – one works and one doesn't

## PARTNERSHIP

Partition and outsource your delivery risk on a 'best of breed' basis

## CULTURE

Hiring good people is one thing, getting them to work together is another thing altogether, particularly when multiple parties are involved

## PLANNING

The less time spent planning up front the greater the overrun

## DETAIL

Be prepared to be swamped in detail and to manage it – these things are far harder than the excitement at the beginning believes it should be

## PRIORITISATION

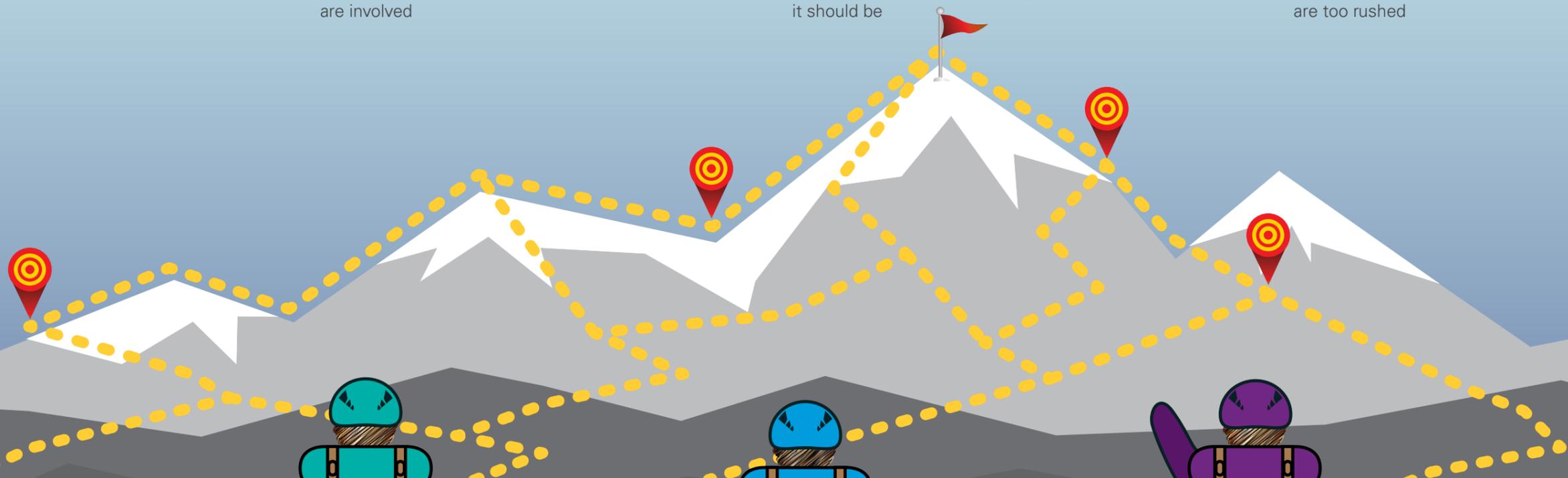
Triage – know what is really essential and never give up on that – be prepared to give up on the other stuff

## TECHNOLOGY

Technology spend can bring you undone if your ambitions are too great and the design and implementation are too rushed

## RISKS

Mitigate and track your top 6 program wide risks, not just log 200 risks in a register



## COMMUNITIES

Where isolated teams become global communities

**Passion:** 'One KPMG' is an incredibly diverse talent pool which thrives on meeting the challenges of an ever-changing world.

**Deep Experience:** the best in local expertise with a global reach with a consultant pool of over 15,000.

**Inspiring Confidence:** Transformation is what we do by forming trusted partnerships with our clients, before during and after.

**Empowering Change:** Unlocking the potential that change brings by focussing Program teams and organisations on clear benefits.



## INSIGHTS

Where individual experiences become collective insight

**Accelerated solutions through Reference Models:** Over 15,000 industry scenarios process models, KPIs, business requirements, organisational structures and application solution maps.

**Industry Benchmarking and Maturity Models:** Compare current and proposed against leading business practice.

**Insights on Tap:** global and differentiated points of view regarding best practices in process, people and technology.



## METHODS

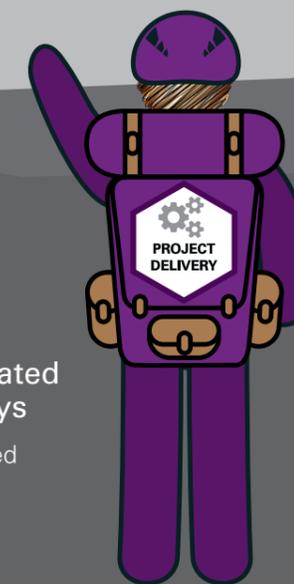
Where fragmented methods become integrated transformational journeys

**Methods Platform:** with detailed work breakdowns of activities and deliverables.

**Transformational Journeys:** activities designed to navigate through complex.

**Method Visualisation:** management information without reinventing the wheel.

**Value Delivery Framework:** unifying framework, from strategy through implementation.



## PROJECT DELIVERY

Where complexity becomes organised delivery

Mobilise project delivery by deploying our best in class tools with ready to roll-out content from leveraging reference models:

- Test management: JIRA
- Requirements management: Confluence
- Enterprise modelling: ARIS
- Value management: CHANGE DIRECTOR
- Project management: clarizen
- Project space: Confluence

Excellent and diverse teams armed with a world class toolset 'Source' can overcome mountainous-sized obstacles

## KPMG is a leading business adviser for major transformational change programs throughout Australia

KPMG has experience in managing and providing expertise to large, complex organisations in the public or private sector undertaking business transformation or merger initiatives. Examples of relevant project experience include:



### APCA – New Payments Platform Program

The New Payments Platform is new infrastructure for Australia's low-value payments. Providing Australian businesses and consumers with a fast, versatile, data-rich payments system for making their everyday payments. KPMG is coordinating Australian Banking participants in the largest payments transformation in a generation.

*"The big challenge in these kind of industry jobs is that there are a large number of people from different organisations around the table so the governance and the structure are [kind of] important in how you get the decisions made and how you keep moving on. And I think KPMG were able to demonstrate relatively early on that they could handle that complexity."*

**Chris Hamilton**, CEO of APCA



### Australian Defence Force – Strategic Business Transformation

*"KPMG worked closely and collaboratively with Defence to develop a credible and accepted business case for Defence Logistics Reform which was accepted as part of the Government's Strategic Reform Program. As the key strategic logistics advisor to Defence, they are working with my core team to develop the Defence Logistics Transformation Program for government approval."*

*They are responsible for key inputs to program governance reporting, such as management of an integrated schedule and risk register as well as change management including supporting the change agent network at Joint Logistics Unit sites. KPMG has identified achievable operational savings and benefits, brought the diverse group of stakeholders to agreement and developed strategic plans supported by action plans and schedules for communications, workforce, logistics and transition which all link back to the benefit realisation plan, program schedule and risk register."*

*The KPMG team continue to meet the demanding timeframes of the program with consistently high quality work, and have my strong commendation for a job well done."*

**Dave McGahey**, Program Director, Defence Logistics Transformation Program



### AMP – Reinvent for Tomorrow Transformation Program: *Enterprise Target Operating Model*

The AMP Board and Executive Committee wished to more effectively enable AMP's customer-led strategy for the core retail business while also reducing cost and improving efficiency. The enterprise's processes needed to be simplified to achieve agile and speedy decision making with clear and effective individual accountabilities.

AMP engaged KPMG to complete the detailed design and implement a new enterprise-wide customer centric operating model for their Australian retail business including redesigning and simplifying governance processes.

Over a year later AMP's new Operating Model is embedded and their Customer Centric Transformation is well underway.

## What we do – our business transformation services

KPMG provides end-to-end transformation support.

Our capabilities include:

- packaged PMO services
- business case development
- program and project management
- planning
- data migration
- change management
- organisation design
- culture change
- digital and technology delivery
- program validation and acceptance
- program assurance
- process design and improvement
- cost optimisation
- business and operations strategy.

“The only thing that can be safely predicted is that sometime soon your organisation will be challenged to change in ways for which it has no precedent.”

<http://fortune.com/2013/04/22/why-companies-need-to-change-the-way-they-change/>

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