

Business transformation:

Critical factors for success

Top executives realize that their organizations must have the ability to continually evolve and respond to the dynamic market environment



96%



Percentage of organizations in some phase of business transformation

47%



Percentage of executives who say they can realize sustainable value from business transformation

38%



Percentage of executives who expect their organization's business model will be disrupted in the near term

48%



Of executives lack the capability of capturing signals of change in the marketplace to develop unique insights and hypotheses on customers' preferences and demands

31%



Of executives admit that their organization is incapable of implementing formal innovation processes, management, and budgets

37%



Of executives say that the greatest execution barrier they face in transformation is underestimating the significance of changes to their organization's operating model

What causes Transformations to fail?

Failure to predict disruption by customer behavior changes

Inability to innovate

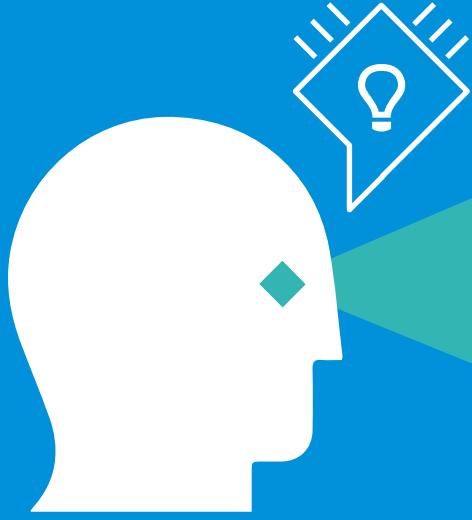
Failure to understand the complexity of the operating model

Missing the cultural connection

Inflexibility of organizations to react quickly to market changes

Key transformation Success factors

Focus on the customer



Understand customers' evolving expectations and align to the value drivers of your organization



Continually evaluate and adjust your customer experience, based on the needs of today and tempered with a clear understanding that tomorrow's customers will have different expectations than today's

Embed continual innovation

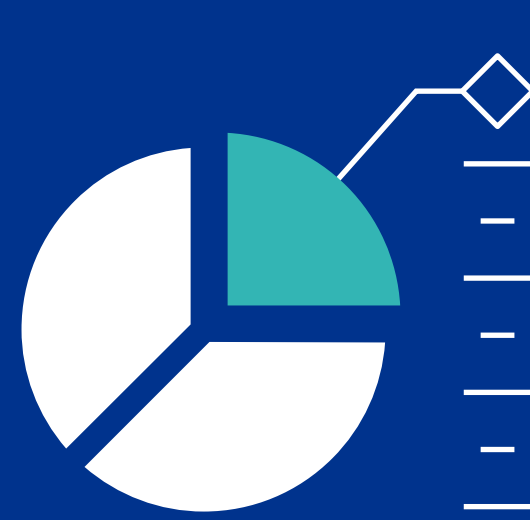


Embed continuous innovation into the culture and structure of your organization so you can build enduring competitive advantage



Look at all corners of the marketplace to predict disruptive changes to stay ahead of your competitors

Learn to thrive on change



Build agility into your organization, so that as the business environments you operate in shift, your organization is better able to transform and adapt to the innovations generated



Take a strategic approach to decision-making around how operating model components are sourced for maximum effectiveness and flexibility

2016 Study methodology

Executives (C-Level)
1688 (54%)

Markets
16

Industries
21



KPMG's business transformation approach is customer-oriented, innovation-driven, and technology-enabled. We work shoulder to shoulder with clients to help develop and realize their strategic and financial objectives. Our approach connects strategy with execution by aligning the required business and operating models, organizational culture, and change capabilities in order to achieve higher value from transformation.

To view additional information about the study, visit kpmg.com/transformation. You can also follow the conversation on Twitter @KPMG, using the hashtag #BizTransformation.

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