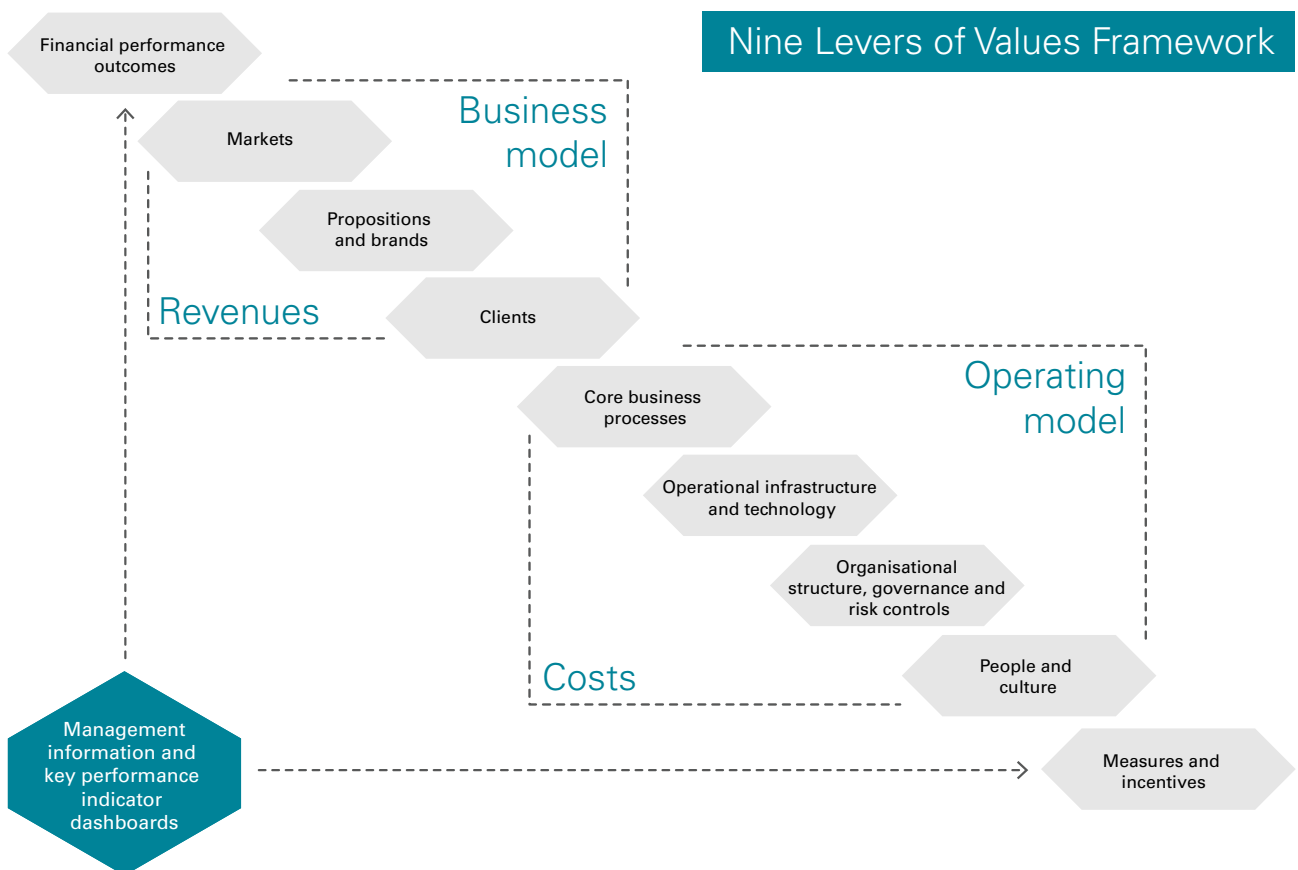


ENTERPRISE TRANSFORMATION MANAGEMENT

Enterprise Transformation refers to any complex or fundamental organizational change that impacts how its core business is conducted. It can be caused by internal or external factors, but the result is a shift in how the organization relates to its wider economic environment.

For most, transformational change is driven at two separate levels: the more external business model and the more internal operating model. Business model change focuses on the features that impact the firm's revenue: the markets, propositions and brands and clients. Whereas operating model change focuses on the features that impact the firm's costs: core business processes, operational infrastructure and technology, organizational structure, governance and risk controls and people and culture.



THE CHALLENGE

Based on recent research done by KPMG on Enterprise Transformations, some of the key challenges are:

- ▶ **Execution is the hardest part of transformation.** More than half of the companies undertaking transformation fail to achieve the desired business result. A formal process that spans a host of activities from strategy to execution is critical for success. In addition, the process should not be viewed as a one-time event that is triggered by seismic activity but rather a continuous program that monitors strategic catalysts, identifies business and operating model changes and embeds these changes in the organization through a focused, holistic execution process.
- ▶ **The biggest challenge to transformation may be a leader wedded to a past or current success.** Executives cannot lull themselves into complacency based on the present revenue stream. They must keep transforming for the future.
- ▶ **Silos are an impediment to Enterprise Transformation.** If silos prevent a change from being accepted, they may hamper a transformation that would be good for the enterprise as a whole. To prevent silos, consider encouraging collaboration among different functions within one unit. For example, deploy IT professionals within non-IT departments.
- ▶ **Establishing a formal process is correlated with being active in Enterprise Transformation.** That process should include metrics set up at the start of Enterprise Transformation. The most effective metrics are outcome-based, not process-based. Key to a transformation program is a value-centric approach that defines enterprise value at the onset and provides visibility into value capture as part of the transformation strategy development through execution.

YOUR BENEFITS

- ▶ A defined network of experienced Enterprise Transformation professionals who can support you with Transformation Program Governance and Design; Transformation Program Mobilization and Implementation; and when a program has gone 'off the rails' Transformation Program Recovery services.
- ▶ Our research points to the importance of the correctly aligned corporate culture, business design, organizational structure, process, technology and information architecture. This should be combined with the application of metrics in Enterprise Transformation and their correlation with results. We have a multi-disciplinary team of experts (Management Consulting, IT Advisory, Risk Consulting, Transaction & Restructuring, Tax & Legal) who can cover all key challenges that arise as a result of complex Enterprise Transformations.
- ▶ End-to-end Enterprise Transformation advice about transformation case studies, methods, roadmaps, tools and templates.

KPMG APPROACH

- ▶ The KPMG Enterprise Transformation Program Management Team provides organizations access to competent program professionals, global knowledge, methods and tools and thus enables companies to realize successful complex Enterprise Transformation programs.
- ▶ KPMG categorizes Enterprise Transformations into four general types: separations, integrations, operational improvements (including shared services, outsourcing and IT transformations) and restructurings. The first two involve deals that transform a business either to shrink or grow (organically or through a takeover). The latter two involves transformation from within the business. All four require different approaches and expertise and for each, KPMG's Transformation team has the tools and expertise available to support you through the entire transformation cycle.
- ▶ KPMG has identified seven critical Enterprise Transformation components as part of its Enterprise Transformation Methodology:
 1. Value Management – embed a value-based and metric driven approach to the strategy development and execution of the transformation
 2. Leadership and Engagement – employ rigorous cultural alignment and change management constructs throughout all levels of the organization
 3. Business Design and Management – continuous approach to assessing the business model, operating model and execution of that model against the strategic and financial objectives of the business and the dynamic market environment
 4. Organization Design – develop flexible value chain oriented capability constructs leveraging leading sourcing, process, information and technology architecture
 5. Process Excellence – leverage enterprise process governance and lean design principles to design and implement effective processes
 6. Information and Technology Enablement – enable business and processes design and management with data and analytics and leading technologies
 7. Enterprise Transformation Management – provide structured, centralized management of the transformation program

CREDENTIALS

Our KPMG Advisory team in Belgium has solid experience and a tested methodology in deploying Enterprise Transformation propositions for a variety of national and international financial services, public sector and corporate companies, on both a company scale as well as

on a business unit scale. Our team members have both industry experience and end-to-end Enterprise Transformation knowledge, translating technical and practical knowledge into successful Enterprise Transformation propositions.

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