

Transform or wither: Change is the new Normal

Boardroom questions



Triggers **affecting** business transformation are **unprecedented** in their sheer numbers and intensity

Transforming disruptive forces into sustainable advantage requires an innovative approach, one that's both manageable and measurable.

What are the triggers?



Disruptive technologies



Evolving regulatory landscape



Effects of globalisation on markets, competition, supply and production



Shifts in mature and emerging market economies



Changes in customer demand



Financial pressure to do more with less

What are the potential benefits of transformation?

- To create **profitable growth**: development and execution of an **organisation's or business unit's** strategic plan, new or repositioned business and/or operating models.
- To create **valuable customer experiences**: design and deployment of **new operating models within front-office functional areas** (e.g. payments in banking, claims processing in insurance, care delivery in healthcare etc.).
- To create an **informed, cost-effective and flexible operation**: design and deployment of **new operating models in back-office functional areas** (e.g. finance, IT, HR, etc.).
- To create or enhance the employee value proposition.

Transformation programs may impact these Board issues

Boards should assess what a transformation program will mean in these areas



Strategy

How does the business transformation program address the triggers, align with other significant initiatives and enable the organisation's strategy?



Talent

Does the organisation have the right leadership in place to successfully identify, design and implement needed business transformations?



Risk

What is the risk of implementing or not implementing a transformation?



Performance

How is success measured and rewarded?

Boardroom Questions

- How many major transformation programs are ongoing and what are they?
- How do our transformation programs advance the organisation's strategy?
- Do they align to or anticipate our customers' needs?
- Is a major transformation necessary or will a more surgical, limited repositioning be enough?
- Is our organisation ready for this transformation?
- Have our operating models been refined to effect the transformation across people, process, technology and information components?
- Do we have sufficient leadership resources and information to ensure execution and integration?
- Does the company have a plan to address questions or concerns of stakeholders e.g. employees, shareholders, community etc.?

Does management...



Identify triggers?



Leverage disruptive technologies?



Employ a formal transformation process?



Anticipate customers' needs?

What actions can the Board take?

Check to see if management is aware of and implementing these best practices

- 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 frameworks throughout all levels of the organisation.
- 3 Business Design and Management:** continual approach to assessing the business model, customer needs, operating model and execution of that model against strategic and financial objectives of the business and the dynamic market environment.
- 4 Process Excellence:** leverage enterprise process governance and lean design principles to design and implement high performing processes.
- 5 Organisation Design:** develop flexible value chain oriented capability frameworks leveraging leading sourcing, process, information and technology architecture.
- 6 Information and Technology Enablement:** enable business and process design and management with data and analytics and leading technologies.
- 7 Transformation Management:** provide structured, centralised management of the transformation program.
- 8 Tax Performance:** identify the tax considerations across the components of the transformation program while enabling a balanced approach to tax risks and value by helping to implement appropriate tax processes and technologies.
- 9 Internal Controls:** identify financial reporting risks at specific points of the transformation and implement and design controls to address those risks for assurance on the reliability of financial information.
- 10 Continually reviewing** the alignment and health of the transformation portfolio and programs.

kpmg.com.sg/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG Services Pte. Ltd. (Registration No: 200003956G), a Singapore incorporated company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Contact us



Satyanarayan Ramamurthy

Head of Strategy, Global Strategy Group

T: +65 6213 2060

E: sramamurthy@kpmg.com.sg