

Globalization

# Global Transformation Readiness, Part 2

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**This four-part series by Deloitte Consulting experts Peter Elings and Douglas Oliver provides action items you need for a successful global transformation. The series includes a [preparedness checklist \(Part 1\)](#), [guidelines on creating a governance model \(Part 2\)](#), [advice on standardizing data reporting and infrastructure \(Part 3\)](#), and [how to evaluate your organization's capacity and capability to achieve its global vision \(part 4\)](#).**

## What is Your Governance Model?

The global governance model puts a framework around how the organization makes decisions at a global level. If you are seeking a global process definition, your governance may need to change first. For example, if business units currently have autonomy to design and manage processes independently, then global standardization is more difficult to achieve. Organizations that start transformations without addressing their decision-making framework always struggle with harmonization of business processes and other critical transformation decisions.

When the organizational structure is not aligned with the transformation objectives, the path back to the old way of operating is hard to resist. End-to-end global process owners are instrumental for successful and sustainable change. Without global process owners, decision-making becomes time and resource intensive – and ultimately ineffective. For that reason, up front agreement on the priorities and expected outcomes of the transformation among business areas must be achieved. Clear attention should be given to qualitative and longer-term objectives as well -- for example, sustaining common processes to enable faster mergers and acquisitions in the future. To assess your governance requirements, consider the following criteria:

- ▶ How does your organization make decisions?
- ▶ Who has decision rights?
- ▶ What is the breadth of decision rights?
- ▶ How will accountability be assigned and monitored?
- ▶ Is your organization organized by function, country, or other silos?
- ▶ Are performance metrics (business and process metrics) defined globally, or does each country or business unit have its own definitions?
- ▶ How far do you want to drive global performance indicators?

If the business is run more local than global, setting up a "global process owners" structure will allow for clear decision-making as new global processes are being designed. If you want to make global decisions, you have to have common definitions. For example, a manufacturing company that wants to make global decisions needs to have a common definition of "cost of goods sold."

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