

Expert Voices

Global Transformation Readiness, Part 1

By [Peter Elings & Doug Oliver](#)
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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).

Is Your Organization Really Prepared?

As the drive for organizations to optimize and standardize their businesses globally increases, many are finding it difficult to define the appropriate global transformation strategy and to manage the resources, capital, technology, and information necessary to achieve the optimal level of globalization. Companies can optimize their level of globalization through a wide continuum of transformation strategies. For technology-enabled global transformation initiatives, organizations must answer tough questions about how the business operates currently and its future desired state. While any kind of transformation initiative will raise these questions, the challenges are amplified for organizations undertaking global transformations. And while there are no "right" or "wrong" answers to these questions, the answers themselves can provide critical information on how each individual organization should proceed.

Today, many global transformation initiatives either fail to reach their end goal or take substantially more time and resources than originally planned because of unanticipated challenges. Some companies discover that new processes and technologies are required to encompass the myriad of variables entailed in transformation. Other organizations find that they lack the organizational capacity, internal experience and knowledge to drive a global transformation initiative. Without having completed the work necessary to understand the business' current state and target destination, it is next to impossible to attain a successfully transformed future.

Assessing the organization's current state helps to uncover and bypass potential challenges before they occur. Performing a readiness assessment can offer a realistic picture of how much work needs to be done in preparation for the larger project. Such an assessment helps define which key business areas are the right areas to drive towards global standardization and what areas should remain regionally focused. And while there are no absolutes in this discovery work, what you find out will help to effectively structure your implementation.

There are five key areas that organizations should consider in assessing their global transformation readiness and defining their current and target states:

- ▶ Business Model: Identify where and how your company operates
- ▶ Governance Model: Understand your decision-making framework
- ▶ Data and Reporting: Define the right level of data and information standardization
- ▶ Infrastructure: Acknowledge and reduce complexity
- ▶ Organizational Capacity & Capability: Uncover gaps in leadership, experience, and knowledge

To avoid struggling with global transformation efforts, organizations should examine these areas – from both a current and target state perspective – before embarking on such a complex and expensive initiative. They should also ensure each of the areas above has a future state that is closely aligned with the targeted business model and

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operations.

Does your organization understand the underlying driving business force of the entire organization? One of the most important first steps to global transformation is to understand how common your business model is across the globe. For example, if your desired future state is to run a global sales operation, but your current business model is one where the organization sells to businesses (B2B) in one country and to consumers (B2C) in other countries, it is time to solidify your global business design. Do you want to operate distinctly different sales operations for distinctly different segments? Or, can you standardize with a common sales process?

For companies that have grown through acquisition, business variations and decision trees tend to be more complex and geographically governed or administered. Because processes are tweaked over time, these organizations can experience more time-intensive and costly transformations. For these companies, it is even more critical to spend the necessary time on business model assessment prior to transformation. In evaluating your business model, consider the following self-assessment checklist:

- ▶ Where do you operate?
- ▶ Do you share a global, regional or local customer base?
- ▶ Is your supply chain globally integrated?
- ▶ In which markets is your business still growing and evolving, and how are you expanding your portfolio?
- ▶ Are you planning to acquire or develop new lines of business?
- ▶ How do you operate?
- ▶ Are your processes executed the same way across different countries and business units?
- ▶ If not, how much variance is there in your processes?
- ▶ Are these variances driven by country specific legal requirements, cultural difference or market demands?
- ▶ Are your process variances the result of acquisitions or mergers?
- ▶ Can your company transform itself from fragmented and non-integrated business units to a common global process orientation that includes cross communication, design commonalities, and sharing of best practices?

Peter Elings is a Director in Deloitte's Technology practice. Doug Oliver is a Principal in Deloitte's Technology practice.

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