

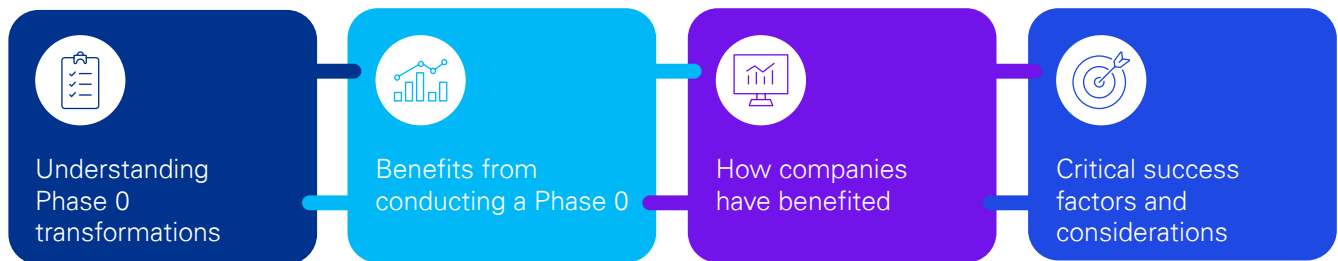
Accelerating your business transformation with a “Phase 0”

July 24, 2024

Phase 0 transformations accelerate business changes by helping organizations define objectives, align visions, and plan for change before embarking on a full-scale effort. By leveraging a Phase 0, companies can identify opportunities, mitigate risks, and develop a roadmap for success.

This webcast highlighted the significance of “Phase 0” as a preliminary step in broader transformations, enabling companies to achieve valuable benefits.

Panelists discussed the following topics:



Understanding Phase 0 transformations

A Phase 0 transformation marks the preliminary stage of a transformation journey, setting it apart from the initial phase of traditional transformations. Unlike traditional approaches that may jump straight into execution, Phase 0 is dedicated to laying a strategic foundation by establishing a clear vision and thoroughly understanding the scope of the transformation.

Key aspects of a Phase 0 include:

- **Gaining leadership buy-in and alignment:** Phase 0 needs top-down commitment from leadership. Leaders need to understand how the transformation fits into the larger organizational picture and they need to be fully on board.
- **Developing a value case:** This phase involves establishing clear value propositions or key performance indicators to articulate the benefits of the transformation, laying out what the transformation aims to achieve in terms

of return on investment and operational or commercial improvements.

- **Roadmapping and implementation planning:** An essential focus area is the development of a comprehensive roadmap or implementation plan, which includes prioritizing actions, considering resource allocations, and understanding the organization’s capacity to undertake the transformation.
- **Examining end-to-end processes and the full target operating model:** Ensuring a holistic view of the proposed transformation is crucial. It involves considering every aspect of the organization—including operations, governance, technology, and service delivery—to identify challenges. This facilitates strategic change management and guarantees that each action contributes to the wider business goals.



Benefits from conducting a Phase 0

Conducting a Phase 0 offers organizations numerous benefits and outcomes that set the stage for a successful transformation journey. One of the key advantages is the ability to rapidly explore target state opportunities, allowing companies to uncover potential improvements that may exceed their initial hypotheses. By dedicating time and space to thoroughly consider and document these opportunities, organizations can make more informed decisions about their future state.

Engaging an external partner during Phase 0 brings valuable outside perspectives, providing insights into market trends, leading practices, and what “good” or “great” might look like. This fresh viewpoint can challenge existing assumptions, open up thinking beyond the organization’s initial ideas, and ultimately, inform decision-making.

Moreover, Phase 0 helps to de-risk the transformation journey by pulling forward key activities and giving stakeholders and leaders a chance to thoroughly consider what they want to pursue. It also highlights where technology investments can enable improvements and enhance the transformation experience.

Artificial intelligence (AI) and generative AI have been popular topics over the last year and a half, and these technologies might also be leveraged in Phase 0 assessments to help organizations explore opportunities and inform decision-making. Quantifying potential value is a crucial outcome of Phase 0, ensuring that no value is left on the table and helping organizations to prioritize their efforts. Phase 0 also enables organizations to evaluate different transformation approaches based on their unique circumstances, identifying dependencies and allowing for flexibility to be built into the roadmap.

Lastly, the outcomes of Phase 0, such as the business case, roadmap options, and strategic rationale, empower leaders to have informed conversations with stakeholders. It equips them with the necessary information to communicate why the investment is needed and how they will navigate challenges that may arise during the transformation.



How companies have benefited

Phase 0 assessments have proven to be invaluable for organizations across various sectors, enabling them to address complex challenges and lay the groundwork for successful transformations. A multinational telecom company, faced with tech debt from acquisitions, engaged in a six-week Phase 0 assessment to tackle cross-functional visibility, establish a single source of truth, and enable acquired businesses to work together effectively. The assessment involved robust, cross-functional conversations and provided leadership with clear options and a recommended approach to address competing priorities and position the company for future growth.

Similarly, a multinational retailer with more than 100 locations conducted a 10-week assessment to identify broader business transformation opportunities beyond just technology. The assessment prioritized initiatives across functional areas, documented business requirements for a new enterprise resource planning (ERP) system, and aligned stakeholders towards a unified transformation vision.

Additionally, a client initially eager to dive into an ERP implementation realized the importance of first defining its vision, problem statements, and success factors. The organization engaged in a 12-week Phase 0 assessment focused on the chief financial officer’s organization, identifying integrated initiatives, uncovering gaps in the target operating model, and developing a realistic transformation roadmap that considered the organization’s capacity and sourcing plans.

These real-world examples demonstrate the tangible benefits and results that organizations can achieve by investing in Phase 0 assessments. By dedicating time and resources to thoroughly examining their challenges, goals, and opportunities, companies can set themselves up for success and avoid the pitfalls of rushing into a transformation without a clear vision or understanding of the journey ahead.



Critical success factors and considerations

Phase 0 assessments reveal several critical success factors that are essential. Clear sponsorship and accountability are crucial for driving the transformation and ensuring understanding of the ultimate goal, vision, and objectives. An end-to-end process view helps capture all challenges, pain points, and opportunities without leaving value on the table. Alignment on objectives and value levers needs to be established up front and communicated regularly to help with change management and maintaining momentum.

Flexibility in the approach, such as being business-led and technology-enabled, allows the transformation to adapt as needed. Establishing transformation governance at the start provides a framework for decision-making and issue escalation. Engaging the right people, including project leads and stakeholders, and empowering leaders to make decisions keeps the transformation on track. A comprehensive change management strategy to orchestrate change throughout the process is critical for success and mitigating transformation fatigue.

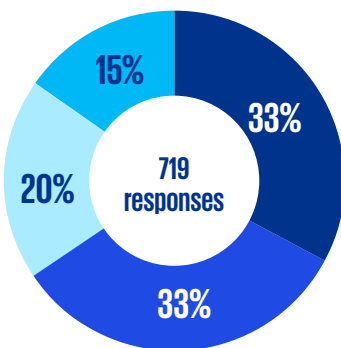
Organizations can explore Phase 0 assessments when they need to select the best-fit technology, face challenges with change, or want to confirm they have the right transformation partner.



Paving the way for success

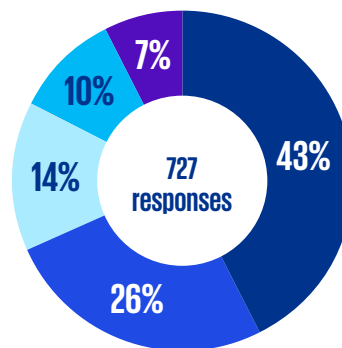
Embracing Phase 0 enables organizations to move forward with confidence, turning challenges into opportunities and visions into tangible outcomes. This initial phase equips businesses with the necessary tools to meticulously chart their course, ensuring every step taken is aligned with their overarching goals. Through Phase 0, companies unlock the full spectrum of transformational benefits, setting a solid groundwork for success and innovation.

What type of transformation have you been involved in at your organization?



- I have not been involved in a transformation
- Light-touch process improvement transformation, with some technology enhancements
- Large-scale business and technology implementation, not including a Phase 0
- Large-scale business and technology implementation that started with a Phase 0

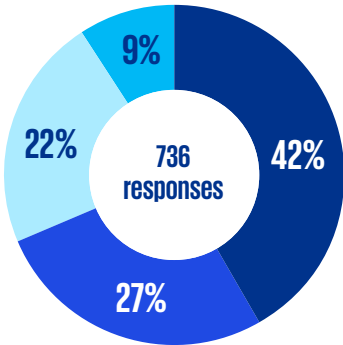
When you think about the need to transform, where do you think your company needs to prioritize most?



- Improving functional processes
- Enabling the right technology
- Correcting data and driving analytics
- People development and service delivery model alignment
- Governance to enable lasting change

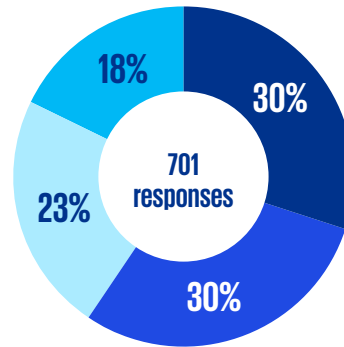
Note: Percentages may not total 100 percent due to rounding.

What type of Phase 0 would benefit you the most?



- Business and process assessment
- Data and reporting evaluation and clean up
- Other
- Technology provider and market scan

Where do you think your company could use the most assistance?



- Weighing the pros and cons of a certain technology, and what would suit my organization best
- Solidifying and aligning on a scope that will enable the most value
- Gaining stakeholder buy-in and driving clear accountability
- Evaluating the best partner for the job

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