USING THE CLOUD TO ACCELERATE TRANSFORMATION AND INFLUENCE CHANGE

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To improve organizational performance, influence change, and accelerate transformation, executives and their teams need timely, accurate, and unbiased information. Good information, delivered at incredible speed, provides the ability to make better and faster decisions relative to the competition. Continuous performance improvement, powered by cloud technologies, helps organizations move from static lists to informed decision making and accelerated results. Cloud computing is based on the processing and storage of data and information external to the organization.

ALL LEADERS ARE looking for an edge. They want their organizations to be more innovative, more effective, more responsive, and more attuned to the needs and wants of customers. Regardless of industry, product, or scale, they want to be best in class.

To achieve a desired level of performance requires constant sensitivity to a host of internal and external environmental factors and the ability to anticipate or respond to new opportunities with an efficient mix of information, methods, and technologies. That is the essence of change.

Operationally, change involves many concurrent transformation initiatives across distributed and conceptually wide-ranging teams. Collins (2007) cites Peters and Waterman (1982) to remind us that organizational life is complex, ambiguous, and difficult to navigate. Continued developments in organizational change and performance improvement research have led to a better understanding of the complexities and ambiguities of organizational change (Hughes, 2011). However, fewer than half of chief executive officers (CEOs) responding to a global survey say their companies have the skills and infrastructure to handle what continues to be an increasing level of business complexity (IBM, 2006, 2010).

To increase the likelihood of success, leaders face a number of competing requirements, including the need to gain acceptance of the need for change; maximization of individual and collective (team) capabilities; alignment of departmental actions to organizational strategies; allocation of a finite resource pool in support of prioritized requirements; and the accurate measurement, monitoring, and adjusting of transformation events. When these leadership elements bond together, they provide decision makers with the awareness and understanding necessary for large-scale institutional change.

Every organization faces challenges associated with identifying meaningful success thresholds, developing success criteria, and introducing new management concepts to well-established communities of interest. A core capability for every leader is the ability to guide change successfully.

A LACK OF HISTORICAL DATA

Compounding the leadership challenge is the discouraging lack of definitive outcomes associated with organizational change (Keller & Aiken, 2008). Despite scores of models and methods and thousands of articles, books, and conferences on the topic, companies today appear to be no more effective at delivering on large-scale change initiatives than they were 30 years ago.

Through articles, surveys, and research, we repeatedly hear that upward of 70% of organizational leaders say

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TABLE 1	PERFORMANCE SOLUTION SUCCESS RATES
SOLUTION	SUCCESS RATE
New strategy	58%
Downsizing	46%
Total quality management (TQM)	37%
Mergers and acquisitions (M&A)	33%
Process design (e.g., Six Sigma)	30%
Culture change	19%

their change management initiatives did not deliver the expected results. Beyond Hammer and Champy's (1993) related claim, there are many others who cite the 70% figure, such as Beer and Nohria (2000) and Kotter (2008). The one theme running through all of these reports is the consistent lack of empirical evidence.

Improvement initiatives are difficult to measure. However, in one meta-analysis involving more than 43,000 data points, researchers attempted to assess the success rates of different types of organizational change initiatives (Smith, 2002). (See Table 1.)

While these figures can be challenged for a host of viable reasons (e.g., published success rates varying by the type of change and due to various contextual factors, changes in the state of the art, differences in success criteria, and the bias of researchers), there are decades of anecdotal and observational findings that should give executives reason for pause. Moreover, regardless of data precision, it appears that industry-wide success results—evidenced based or otherwise—are virtually unchanged over time. Yet year after year, organizational improvement teams take mostly the same approaches as in previous years, hoping for different results that have yet to materialize.

Regardless of an organization's selected change model or method, what every organizational leader truly wants is a clear path to reliable and sustained success.

CAUSAL FACTORS OF POOR CHANGE RESULTS

Poor change results are typically the result of three factors:

1. Misdiagnosis of the issue
2. Bias in the solution selection process, or a desire to jump into or quickly initiate action without analysis
3. Poor follow-through and reinforcement of the solutions

Rarely will single, one-off activities do much to noticeably move the performance needle in the desired direction.

Misdiagnosis

It is not unusual to expect aggressive leaders to dive into or quickly initiate new challenges with extraordinary gusto. When faced with the need for change, they are anxious to get the organization moving and they want to see results immediately.

But action without analysis and an integrated plan is dangerous. And those omissions are often where change plans first get off track. Certainly, leaders are hired to make things happen, but acting before thinking has led to more problems than solutions.

Common justifications are that analysis is slow or that looking at the whole system delays action. But when supported by the right methods and an enabling technology, they are neither. Furthermore, a good analysis sets the stage for faster and more cost-effective implementation and sustained results.

Solution Selection Bias

It is not unusual for organizations to tackle complex issues using independent and nonintegrated "point" solutions. This can also stem from a lack of analysis, but it is just as probable that it was caused by bias in the solution process or oversimplification of the core business issue.

Many components must fit together and be implemented in a well-coordinated manner for success to occur. Despite the all-too-common approach of applying independent solutions to complex, multifaceted problems, the typical performance issue requires a solution set to address the significant factors (Rummler, 2007). Rarely will single, one-off activities do much to noticeably move the performance needle in the desired direction.

Poor Follow-Through

Then there are the cases of well-thought-out projects that start with energy but over time fade due to a lack of interest or oversight.

The response to the high rate of project failure is a flood of spurious change management methodologies, typically in the form of multistep success processes. There

are methods with 7 steps, 8 steps, 10 steps, 12 steps, and more. Nearly all of these include components related to goal setting, leadership, people, inclusiveness, communication, metrics, and monitoring. Yet the poor results of ill-fated organizational change journeys continue to wash ashore and remain.

TAKING A WHOLE SYSTEM APPROACH

When implementing change, the whole system relating to the particular performance issue must be involved. But "whole system" does not mean slow. The right analysis and tools help change teams get the right answers to the right priorities within even the tightest time frames to get the job done right the first time.

Over the past 100 years, innumerable attempts have been made to transform the basic systems model—inputs, processes, consequences, and feedback—into various improvement practices, each characterized by a set of certain terminologies and templates. At their core, the methods are mostly the same. What the sellers of the methods hope for is a means to hook prospective customers on a unique lingo or framework; the method takes a back seat to marketing. The result is that virtually every change model has a market life span of about 10 to 15 years.

The most recent example is probably Six Sigma, which (once again) popularly characterized business process reengineering: methods with a near-impossible-to-attain statistical element and a relatively easy-to-attain karate approach in the form of colored belts based on one's presumed expertise.

There is little doubt that approaches like Six Sigma aid in the unification of organizations around the notion of a consistent approach to improvement. Yet truly large-scale measurable results remain mostly anecdotal. Why?

More research is certainly required. However, a key point is likely that the approaches that fail are focused on process improvement rather than performance improvement. As Figure 1 shows, there are many variables in the

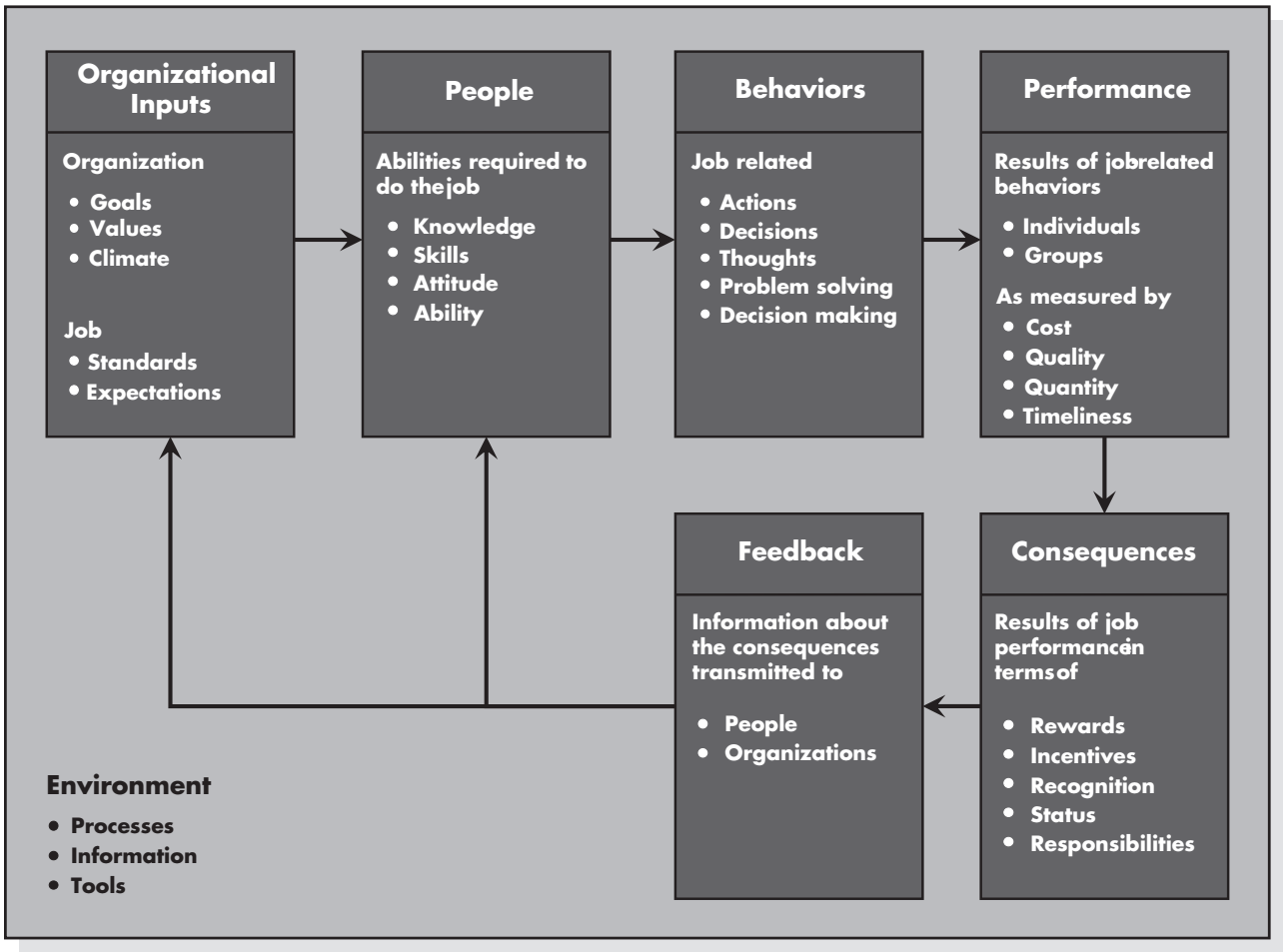

FIGURE 1. TOTAL PERFORMANCE SYSTEM

TABLE 2	PERFORMANCE SYSTEM EVALUATION APPROACHES
A whole system approach	Examining the system as a complete functioning unit.
A subsystem approach	Looking downward into the subsystems of the system.
A functional approach	Looking upward and examining the role of a subsystem within the larger system.

total performance system likely to have an impact, process being just one.

A second failure point is that most organizational outputs are unique. Therefore, measures like Six Sigma's 3.4 parts per million are valuable primarily as general concepts. The metric has obvious appeal in large-scale manufacturing and throughput environments where production processes are highly regulated and nonvariable outputs are in the millions or many thousands.

However, the thousands of outputs and transactions of knowledge-oriented service systems tend to be measured by common themes versus high statistical precision and, naturally, they have a more variable measurement tolerance than their production system counterparts. The outputs are far more dynamic because people are the main production equipment and the main source of evaluation.

A third failure point is that the path to business process reengineering expertise is often based on attendance at certain training programs. Thus, the programs become costly training initiatives that produce many certificates but little in the way of measurable business results.

With an understanding of what does not work, we need to refocus on what will. And we know this: success within an organizational system stems from the interaction of the components in the form of communications and transactions. There are generally three ways to evaluate system performance, and they are shown in Table 2.

Each approach recognizes the existence of subsystems operating within a larger system. Change must be considered in this context since a stimulus applied to one element of the system will have an impact somewhere else. Those consequences can be intended (planned) or unintended (typically, unfortunate surprises).

There are many change models, all sharing core similarities and all focused on better understanding the relationship between results, people, and organizational systems (see Figure 2).

All leaders know that large-scale organizational change can be complex, confusing, and consuming. What they

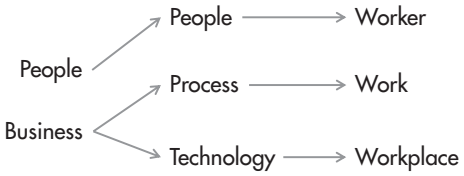

FIGURE 2. SIMPLE COMPARISON OF ORGANIZATIONAL SYSTEMS

and their change agents should seek is an improvement method that provides:

- A whole system viewpoint
- A solid, research-derived approach
- A means to overlay their organization's unique terminology on the approach

This approach will help impose order on the chaos by adding simplicity and standards to the process, while permitting the organization to make it its own. This approach will work for any solidly based change model. The resulting model will be standard yet customizable (SYC). An SYC model helps leaders gain a better understanding of the need for change, establish and align goals, develop and manage a coordinated plan, communicate and reinforce the plan, and measure the results. Within the SYC model, the change cycle becomes visible, manageable, and doable. It helps drive continuous success and, in effect, becomes a change multiplier: better results, faster, with fewer resources. In fact, using such an approach, the U.S. Navy, working with Proofpoint Systems, reported a 37-to-1 return on investment across more than 33 projects (Lawson, 2006).

SELECTING THE RIGHT CHANGE COMPONENTS

The hard part about change is that there is seemingly no end to the compendium of solutions that can be applied to performance issues. The key is matching the right solutions to the properly prioritized issues. Despite the many possible options, they boil down to just two main elements: the right information and the right methods. Virtually all performance improvement solutions are variations or subelements of these components. Examples are provided in Table 3.

What often happens is that change managers consider one element and dismiss the other. They get fixated on the thing—the change product—and often do not spend sufficient time on the right delivery methods and strategies. And this leads to trouble.

TABLE 3 CHANGE COMPONENT EXAMPLES

IMPROVEMENT COMPONENT	EXAMPLES
The right information	Clear expectations Goals and objectives Involvement of multiple stakeholders Risk assessment and mitigation Metrics determination
The right methods	Cross-organizational communication Incentives and consequences Involvement of multiple stakeholders Leadership Measurement and monitoring Rewards and recognition Solid processes Scope determination Training

SUSTAINING ORGANIZATIONAL CHANGE REQUIRES A SUPPORTING TECHNOLOGY

There is a third success element needed in the advancement of transformation goals: technology. Technology provides one significant advantage: economics. And *zero footprint* cloud technologies magnify the advantages. "Zero footprint" means there is no information technology hardware requirement (servers, routers, wires, and buildings, and the people to watch over them).

Change can occur with the application of the right information and the right methods. But it is accelerated when an enabling technology is applied. That acceleration provides the ability to communicate faster and more broadly, reinforce the methodologies, and measure more precisely.

Beyond facilitating information exchange and reinforcing common methods, a technology mechanism provides ways to help visualize goal and objective alignment, track program progress and success, and aid team members in supporting the change. It supports follow-through and solution reinforcement.

Over the past 7 years, my company, Proofpoint Systems, has developed cloud technologies that support performance improvement goals. They represent an evolution from paper forms and Microsoft templates. An integrated, holistic approach of anywhere, anytime, any device gives leaders the ability to standardize and reinforce the skills needed for change to occur; shows the interrelationships of cross-organizational change projects; and standardizes data collection, monitoring, and reporting. What we are aiming for is a way to integrate the organizational effort.

What leaders want is a way to exercise greater influence in support of their transformation objectives. A dashboard-like structure and an underlying ability to feed data from a variety of sources provide rapid, real-time analysis, management, and decision making without adding further strain on an already overextended and limited staff.

Rather than business intelligence, the right technologies provide performance intelligence—forward-looking information and methodological solutions that significantly advance an organization's core capabilities and enable successful change.

EMPLOYING CLOUD METHODS AND TECHNOLOGIES THAT SUPPORT CHANGE

A number of cloud-based tools can effectively contribute to any performance improvement, project management, or change management system. In making a decision about what will best support a particular requirement—analysis and assessment, goal setting, planning, communication, and measurement—organizational leaders should seek out the tools that foster team communication, collaboration, and information sharing. This tool kit needs to be intuitive, user friendly, and true to the scientific principles of performance improvement.

What the cloud provides is a way to access timely, relevant, permissions-based information at every organizational level. Still, the use of the cloud is not a panacea. In developing our applications, our objectives include a platform that:

- Provides a common set of research-based tools that can be adopted within any culture
- Helps leaders and practitioners align performance goals and expectations across the organization
- Reinforces the methods and frameworks that drive programs and policies
- Aids in the transfer of critical knowledge
- Helps develop meaningful metrics that support measurable outcomes
- Provides a reliable audit trail
- Enables users to make high-impact in-process adjustments

Results Orientation

A tool that can help leaders see their organizations from an outcomes perspective is invaluable for achieving performance goals. In effect, it serves as a guide for answering the question, "Are we more focused on activities or results?"

A results orientation helps leaders paint an organizational picture that aids in identifying early adopters and potential friction points. It should be a way to easily determine where the focus on results is strongest and make cross-organizational comparisons.

Based on employee inputs, a results orientation system provides the path for change and improvement and helps ensure that projects get the right support at the right places in the organization.

Comprehensive Analysis

Leaders in every environment are pressing their organizations to become more agile, more responsive, and more efficient. They also need ways to fend off well-meaning yet unsupported solution recommendations and, to some extent, protect themselves from their own personal biases.

A solid analysis provides the pathway to defensible solution decisions and the appropriate assignment of responsibilities to internal and external resources. Diagnosis informs the prescription needed and leads to improved and sustainable health.

To deliver on organizational performance improvement goals, executive leaders and their teams need timely and accurate information on which to base their decisions. They need reliable diagnoses. Good information, delivered at incredible speed, gives leaders the ability to make better and faster decisions relative to their competition and their customers' needs.

What is required is a platform that supports evidence-based analysis—from quick field- and line-level analyses that take just a few minutes to those that are more comprehensive. Such a platform will also provide a comprehensive "health record" for the organization.

For those who appreciate the need for analysis yet have concerns about appearing slow and unresponsive, the system can be particularly beneficial. There are many cases in which a graphically illustrated analysis can be produced in as little as 30 to 45 minutes based on answers to an appropriate set of well-targeted questions. However, in cases where the performance outcomes have much higher stakes, there is a case to be made for analytical efforts that might take a week or two. In either case, cloud technology provides a means to achieve this speed over traditional approaches that might otherwise require 3 to 6 months.

An effective project management and oversight system should ultimately be a common information-sharing environment where key programs and initiatives are visualized, linked, and coordinated.

Solution Selection

So the analysis is complete. Now there is a need for the right solutions.

In the case of our own organization, our studies, which began at the University of Southern California, led to a system with a massive issue-solution database with more than 40,000 combinations. This system takes the results of a performance analysis and presents a set of recommended solutions; summarizes the internal and external costs of removing the performance barriers; and shows the impact, dollar benefit, and return on investment (ROI) projections for each potential solution.

With this information, project teams and decision makers can simulate various solution combinations and resource alternatives to determine which set of actions best serves the organization given certain constraints such as the availability of time, money, and people.

In developing the database, we attempted to minimize bias and maximize organizational knowledge. At this point, the system is providing a set of weighted recommendations, all based on the unique characteristics of the organization and the issue.

Project Management, Oversight, and Information Sharing

There are many project management and oversight (PMO) systems available to performance practitioners and managers. Some are good (and unknown) and some are terrible (and popular).

When making a decision on a project management system, there are a few key criteria to consider:

- Does it help me visualize everyone's project information: From team leaders to those in the executive suite?

- Does it provide standard communication and tracking templates?
- Does it help me integrate projects in matrixed and networked environments?
- Does it allow me to overlay my organization's terminology?
- Is it easy to deploy?
- Will the methods reduce day-to-day complexity?

A PMO system can be as complex as the organization desires. Initially it is probably best to employ just a few functions. This keeps the approach simple and helps with buy-in and acceptance at the lowest organizational levels. As the user population gains confidence in the processes and the supporting system, additional functions may be activated.

These additive capabilities should help align and integrate organizational efforts vertically and horizontally. An effective PMO system should ultimately be a common information-sharing environment where key programs and initiatives are visualized, linked, and coordinated. This will further unify an organization, and the metadata related to multiple projects, developed over time and resident in the database, will provide key information on critical operational performance issues by operational area, department, geography, or any other numerous data dissections (see Figure 3).

By selecting the right system, the staff time associated with project management, data collection, and reporting will be significantly reduced, possibly by as much as 40% to 50%, due to point-and-click data entry, elimination of duplicate efforts, the ability to autogenerate reports, and other easy-to-use functions.

Decision Management

A well-known adage in the world of fast-moving fighter aircraft is "Speed is life." To survive, pilots must make good decisions faster than their adversaries—and their own aircraft. The best pilots mentally fly their planes far ahead of their actual location. They anticipate, envision, and plan.

For executives who pilot complex, high-risk, and extreme-consequence organizations, the decision requirements are similar. The faster that they can make good decisions based on facts, the faster their organizations can achieve superiority relative to their clients, competitors, and operational challenges.

Executive decision management systems help leaders assess recommended and ongoing projects, and gain decision superiority using a combination of improved visibility, cross-boundary (vertical and horizontal) awareness, and organizational alignment.

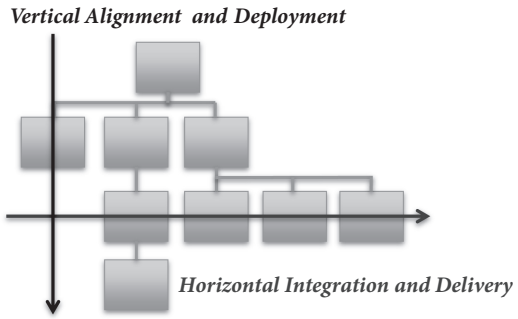

FIGURE 3. VERTICAL ALIGNMENT AND HORIZONTAL INTEGRATION

These systems help leaders maximize their available resources and create the right mix of capabilities to succeed and win. (See Figure 4.)

Project Results Tracker

Knowledge pours out of the organizational memory like a gusher. In addition, the answers to the most basic questions are unanswerable:

- What performance issues did we solve last year?
- How much did we spend on organizational improvement efforts?
- What was our most successful project?
- Where did we see the greatest improvement?
- Where are the data that back up our performance analyses?
- What suppliers did we use for certain solutions?

The cost of the lost information is massive. And regardless of a calculated valuation, organizational knowledge is at the crux of sustainable competitive advantage (Bontis, 2001). By recording information related to cost, external support, internal personnel requirements, and intended business metrics, organizational leaders have a means to assess and compare expected and actual results.

THE SIMPLE GOAL: GET RESULTS EFFICIENTLY

As Gilbert (1978) reminded us, worthy performance is a function of valuable accomplishments and costly behavior. Conceptually that helps as an orientation. But practically, we need to keep focused on what is truly at stake: the maximization of shareholder value. That requires optimizing capacity through efficient organizational performance.

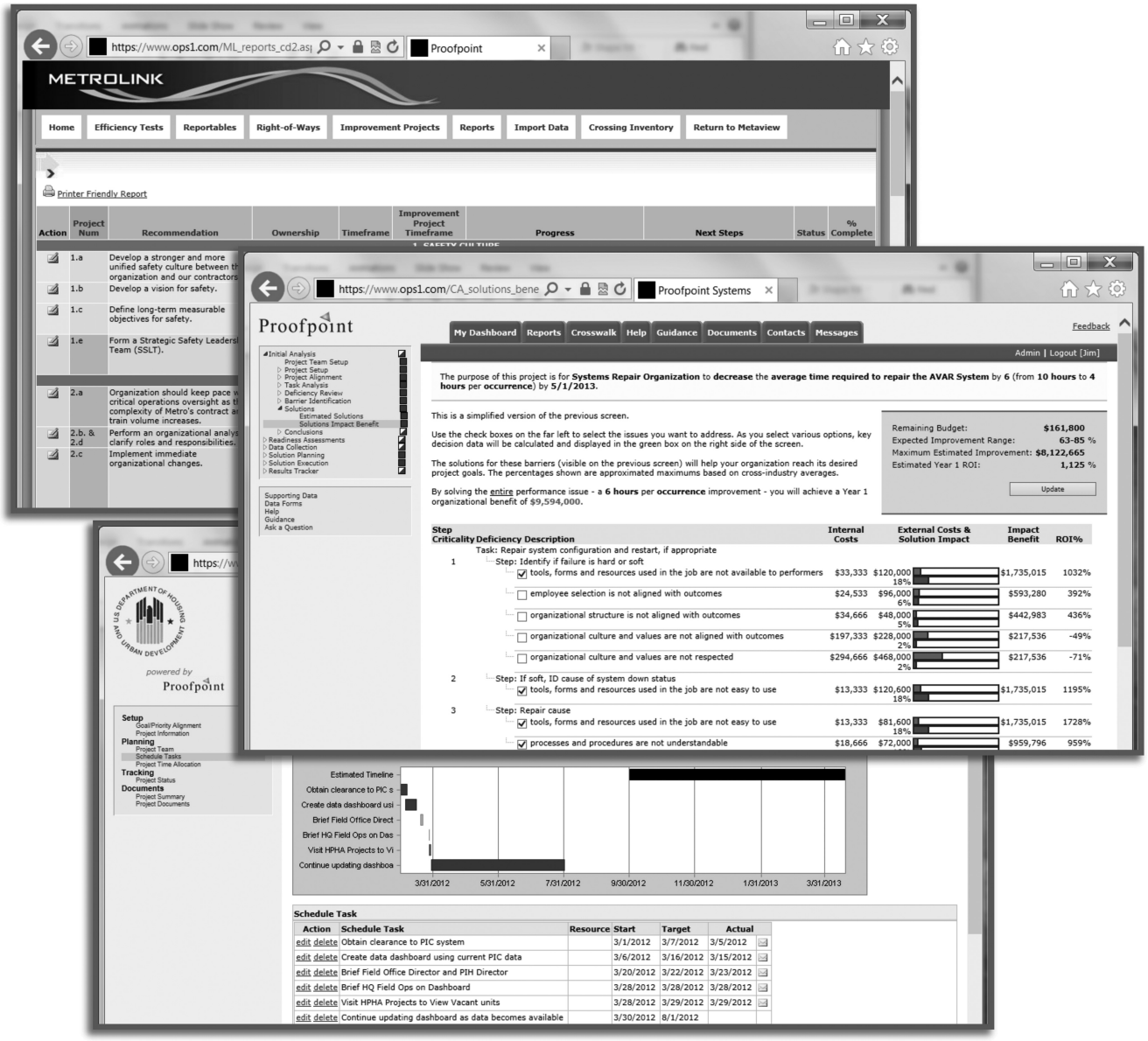

FIGURE 4. PROOFPOINT DASHBOARD SCREEN SHOTS

Organizational performance is tied to human performance, which is specifically tied to intellectual capital and organizational valuations. When viewed from a global perspective, the stakes are even greater. The economies of many countries have become idea based, and at no other time in history have their intellectual-based assets been as valuable as now (Maikori, 2010). An inability to accelerate change opens the door to unnecessary and potentially devastating organizational and national vulnerabilities.

To drive home or focus on the point, one only needs to look to developments in the United States where, since the mid-1990s, a majority of U.S. business investments have gone into intangible assets rather than traditional physical assets (Hassett & Shapiro, 2011). Similarly, Kamiyama, Sheehan, and Martinez (2006) note that in a broader, knowledge-based economic context, intellectual assets play a crucial role in business performance and economic growth. These intangibles include traditional intellectual capital but also general business methods and the company-specific and task-specific knowledge, competencies, and practices of managers and workers. For 10 major industries, intangible assets represented at least 90% of their market value in 2011, and across the U.S. economy, their value was estimated at more than $14 trillion (Hassett & Shapiro, 2011).

So the call to action among change agents at every level is to get results efficiently that drive greater success with customers on behalf of the interests of shareholders

(Hill, 2004). That requires a new CPI. Continuous process improvement is insufficient. What is required is a means to easily employ continuous performance improvement—the *new* CPI—and effective change practices that support program implementation and sustainment by:

- Providing a clear line of sight across and through organizations
- Promoting efficiency and accountability
- Integrating performance and rewards structures with organizational priorities
- Flattening the organization
- Simplifying operations

In sum, what management consultants, performance improvement experts, and change management practitioners need is a means to help clients engineer their improvement systems, control their success plans, and accelerate the change they are striving for. The cloud presents opportunities to access the technologies that provide these advantages.

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