Business Value Realization in Transformation Programs

Improving User Adoption of New Capabilities
Executive Summary

- Many business transformation programs entail developing new capabilities. A capability is a distinctive strength (a combination of people, process, and tools) that a company relies on to successfully compete in the marketplace. For example, retail banks focus on developing deep customer insights in order to cross-sell appropriate products and services at the right time to the right client to increase share of wallet.

- These days, many transformation efforts are aimed at delivering capabilities that have a substantial IT component.

- A critical success factor for the transformation program sponsors—senior executives including CIOs, and heads of operations and lines of business—is the adoption of the new capabilities (including new technology) by users. Poor adoption severely limits the organization’s ability to achieve its transformation objectives.

- Traditional change management programs alone do not adequately prepare organizations for new capability adoption. A business value realization (BVR) program, in contrast, preps users to accept, absorb, and adopt new capabilities, and ensures management understands and supports the level and type of preparation that’s needed.

- The BVR program begins with an in-depth understanding of how users can best adopt new capabilities through tailored interventions by line of business (LOB), geography, user role, tenure, and usage patterns.

- Successful BVR programs result in:
  - Alignment of management and user priorities on business metrics that have to be improved.
  - Seamless introduction of new capabilities without disrupting business-as-usual activities or other operational programs under way.
  - Improved utilization of new tools that provide enhanced capabilities.
  - Engaged leadership in monitoring and coaching users to ensure adoption and sustained use.
Many business transformation programs fail due to poor capability adoption, and this is reflected in a common set of root causes.

**1994-2008 Transformation Outcomes\(^1\)**

- Cost overruns increased from 47% in 2006 to 54% in 2008
- Time overruns increased from 72% in 2006 to 79% in 2008

**Root Causes**

- Lack of precise service-level and operating-level agreements
- Misaligned functional/technical requirements
- Impact to processes, tools, and people is unclear
- Lack of operational readiness to use new capabilities
- Organization not incentivized to change
- Management KPIs change based on external factors as capabilities are rolled out
- Diverging executive priorities over time
- Divergent stakeholder agendas
- Divergence from original business case

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\(^1\) CHAOS Report, 2009; Booz & Company analysis.

\(^2\) Focus of this Leading Research.
Poor user adoption results from failure to prepare the organization to accept, absorb, and adopt new capabilities

**Typical Indicators of Poor User Adoption**

| End-User Indifference |  
|-----------------------|---
| ▪ Limited acceptance of the value of new capabilities to be deployed  
| ▪ Lack of processes to motivate the right behaviors  
| ▪ Inability of field leadership to sustain adoption of new capabilities |

| Limited Impact of New Capabilities |  
|-----------------------------------|---
| ▪ Misalignment between what the new capabilities are and what was expected  
| ▪ Limited understanding of how new capabilities will support existing processes and in-flight initiatives  
| ▪ Limited planning as to how new capabilities should be deployed (by region vs. by LOB) |

| Ineffective Training & Communication |  
|--------------------------------------|---
| ▪ “One size fits all” training that does not account for LOB-, geography-, tenure-, and role-based needs  
| ▪ Generic training deployment (e.g., no alignment of training preferences to LOB, geography, and role)  
| ▪ No communication on how new capabilities will support existing LOB priorities and in-flight initiatives |

| Limited Accountability |  
|------------------------|---
| ▪ No processes to accurately track benefits from the delivered capabilities  
| ▪ No metrics or guidelines to help team leads and managers coach their teams  
| ▪ Field leadership not incentivized to drive capability adoption in their organizations |
Business Value Realization (BVR) is an intervention program to drive adoption of new capabilities without disrupting business as usual activities.

**BVR Execution**

**Manage**
An aligned program that coordinates and synchronizes the “push” and “pull” factors

**Drive Adoption and Business Metrics**

**BVR via New Capabilities**
Client experience, acquisition rate, improved collection of client profile information, cross-selling experience

**Communicate**
Capabilities, technologies, best practices, behavioral metrics, and “lead by example”

**Value Realization**

- *Pull* Factors
  - Rewards
  - Metrics
  - Branding

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**Capability Delivery**

- **“Push” Factors**
  - Tools and applications
  - Data and analytics
  - Process and workflows

**Intervention Strategies to Influence Behavior**

**Value Realization**

- *Pull* Factors

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**Capability Delivery by Itself Does Not Equal Value Realization**

- **Capability Delivery**
- **“Push” factors**
- **Intervention Strategies to Influence Behavior**
- **BVR**
- **Value Realization**
- **“Pull” factors**
Booz & Company has developed a seven-step BVR approach that runs concurrently with the IT activities needed to build new capabilities

### BVR Program Approach

1. **Understand the Change**
   - Identify new capabilities to be deployed
   - Identify impact to current practices, workflows, and priorities
   - Identify implications specific to line of business
   - Identify required process or measurement changes

2. **Build BVR Plan**
   - Develop BVR plan:
     - Customized playbooks
     - Training and communication plans
     - Leadership actions and incentives
     - Measures to monitor new capability usage
   - Align BVR plan with IT delivery dates

3. **Assess User Readiness**
   - Conduct site visits to understand impact of new capabilities
   - Launch user and management survey to confirm current adoption concerns

4. **Align User Expectation & Sponsorship**
   - Identify user priorities and in-flight initiatives with field subject matter experts and leaders
   - Align/integrate BVR objectives with site priorities and in-flight initiatives
   - Rationalize intervention activities across BVR and other operational programs
   - Analyze and share results from site visits and surveys
   - Build executive sponsorship for BVR approach through workshops

5. **Align BVR & Business-as-Usual Activities**
   - Deploy BVR program in a phased manner (e.g., by region):
     - Customized playbook development and socialization
     - Training asset development
     - Communications messaging
     - Leadership guidelines
     - Incentive updates

6. **Develop & Deploy BVR**
   - Capture lessons learned from prior deployment
   - Continuously capture user and management-level feedback
   - Refine adoption strategies for future deployments

7. **Post-Deployment “Learn & Refine”**

### IT Delivery Timeline: Plan, Design, Develop, Test, Deploy

- **Steps described in this deck**
A U.S. bank is undergoing a transformation program in which new capabilities will be delivered over multiple years

Program Highlights

- Bank leadership initially raised concerns about new capability adoption and value realization due to a poor track record with prior programs
- Current program includes design and delivery of new sales, servicing, marketing, online, and originations capabilities
- Program affects 80% of customers across all business segments
- New capabilities are being rolled out to relationship managers, tellers, and call center staff
- New capabilities will be implemented through multiple systems enhancements and new systems deployment
- Program will be delivered in multiple phases with more than 500,000 man-hours of effort

Transformation Journey

Year 1
- Sales & Support
  - Customer insight
  - Intelligent selling
  - Full view of customer service request
- Marketing
  - Improved campaign management including lead distribution across channels
  - Integrated data for timely segmentation and targeting
  - Integration with contact centers

Year 2
- Enhancements
  - Intelligent marketing offers
  - Customer value-based servicing
  - Improved problem resolution without hand-offs
  - Modern self-service

Year 3

Year 4

Case Study
BVR activities were launched in parallel with the IT development timeline, so that users were prepared for new capability adoption.

### IT Systems Development

<table>
<thead>
<tr>
<th>BVR Activity</th>
<th>Design</th>
<th>Develop</th>
<th>Test</th>
<th>Deploy</th>
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<tbody>
<tr>
<td>BVR planning/kickoff</td>
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<td>New capability and user interface validation</td>
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<tr>
<td>Conduct adoption readiness assessment (initial site visits)</td>
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<td>Launch adoption readiness field survey</td>
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<tr>
<td>Align BVR plan with in-flight initiatives</td>
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<tr>
<td>Develop playbooks</td>
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<tr>
<td>Launch BVR intervention development (training, communications, incentives)</td>
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<tr>
<td>Align BVR deployment plan with LOB plans</td>
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<tr>
<td>Follow-up site visits (socialize playbooks)</td>
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<tr>
<td>Execute BVR strategies with client teams</td>
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The BVR program incorporates four strategies to deliver capabilities and to track adoption and business metric improvements.

### Strategies to Deliver Capabilities

**A Training**
- “Day in the life” scenarios
- Specific technology enhancements

**B Communications**
- Training calendar
- Value of capabilities to existing processes
- Success stories

### Customized Playbooks (Adoption Management Guides)

- The playbook is a reference guide distributed to all leaders
- Each playbook is customized to its constituents:
  - Foreword by the head of business
  - Summary of field survey feedback on current issues and pain points
  - Summary of the transformation journey
  - Pictorial descriptions of new capabilities
  - Listing of local change champions and leaders
  - Specific leadership actions as they pertain to the four strategies

### Strategies to Track Adoption

**C Metrics**
- Track improvements in sales and servicing performance
- Track capability usage

**D Leadership Actions**
- Coaching before and after the deployment to promote adoption
- Support of incentive schemes

### Business Value Realization Approach

#### Case Study

#### Geography-Specific Actions
- Derived from a field survey
- Input from site visits and leadership meetings

#### Site-Specific Actions
- Aligned to site initiatives and priorities
- Feedback from user advisory boards

#### Best Practices
- Industry and Booz & Company best practices and lessons learned on value capture and technology adoption

#### Role-Based Training & Communications
- Customized for leadership, team leads, sales, and support teams
Role-based training focused on how the new capabilities support individual, team, and field priorities

**Role-Based Training Deployment**

**Training Content**

New Capabilities to Be Deployed Across Sales Roles

|---------------------------|-----------------------------|--------------------------|-------------------------------|--------------------------------------|---------------------------|-------------------|

How New Capabilities Support Sales Processes and Initiatives

Access to and Use of Metrics and Reporting by Role (e.g., Managers vs. Sales Staff)

**Modules Developed, Differentiated by Line of Business and Organizational Roles**

- **Driving Capability Adoption in Your Organization**  
  *For site leadership*

- **Driving New Capability Usage in Your Teams**  
  *Team lead training*

- **Value and Use of Desktop Enhancements**  
  *For client-facing sales staff*

- **Value of Servicing Enhancements**  
  *For sales support teams*
Communications were deployed by role (e.g., leadership, team leads) and differentiated by lines of business

Communications must be role-based and aligned with company strategic priorities and the business transformation program

### Communication Types and Owners

- Calendar of training courses (training team)
- Value from new capabilities (leadership and BVR team)
- Deployment calendar for new capabilities (program management office)
- Alignment of capabilities to user priorities and initiatives (field leadership)
- Success stories and early wins (field leadership)

### Communication Mediums

- Leadership memos
- LOB newsletters
- Branch and regional conference calls
- Bank intranet

### Role-Based Communication by Line of Business

- Field Leadership Pre-Deployment Communications
- Field Leadership Post-Deployment Communications
- Team Lead Communications
- Sales and Service Staff Communications

**Case Study**

Alignment to Bank’s Strategic Priorities
Metrics were monitored and reported on user engagement, team performance, and benefit realization

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Metrics</th>
<th>Benefits</th>
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<tbody>
<tr>
<td>Increase user engagement and capability adoption</td>
<td>Measure capture of critical customer information</td>
<td>Deeper understanding of customers, allowing for targeted sales efforts</td>
</tr>
<tr>
<td>Increase individual, team, and geographic productivity</td>
<td>Individual, team, and district sales performance</td>
<td>Increased sales and referrals</td>
</tr>
<tr>
<td>Realize program benefits</td>
<td>Line-of-business KPIs</td>
<td>Realization of business transformation financial goals</td>
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</table>
Site leadership was tasked with specific pre- and post-capability deployment actions to maintain capability adoption

### Site Leadership Actions to Support Capability Deployment

**Before rolling out new transformational capabilities**
- “Show the way” by completing all required training sessions first
- Ensure that managers and team leads have the opportunity to attend training
- Monitor training completeness across entire staff

**After rolling out new transformational capabilities**
- Ensure that team leads receive ongoing coaching to sustain adoption goals in their teams
- Drive team leads to focus on ongoing training needs of their teams
- Leverage quick reference guides and fact sheets

**Training**

- Communicate training availability
- Communicate value of new capabilities and workstation enhancements to sales processes and field initiatives
- Communicate availability and value of the command center to support end-user issues

**Communications**

- Communicate success stories and early wins
- Participate in follow-up surveys and leadership round tables
- Provide feedback on regional performance and issues to the overall program leadership

**Metrics**

- Utilize available reports to monitor sales performance of teams
- Understand how to use new adoption metrics to drive workstation adoption
- Coach team leads on the use of adoption metrics

- Use adoption metrics to identify low-performing teams for coaching
- Drive team leads to monitor new capability usage through adoption metrics
- Manage teams toward KPIs

Case Study:

Develop & Deploy BVR
Post-deployment activities ensure full value realization and helped to structure BVR as a core competency for the bank

Post-Deployment BVR Activities

- **Post-deployment survey**
  - Capture initial user and management reactions to capabilities deployed

- **Site-specific training**
  - Deploy tailored on-site training to ensure high comfort level with business process and system changes

- **Post-deployment communications**
  - Ensure complete user-level understanding of required behavior changes across all roles

- **Metrics measurement**
  - Measure and report new capability usage metrics, and design required coaching activities to sustain adoption

- **Incentive programs**
  - Implement incentive programs to reward adoption of new technology and business processes

Primary Components to “Learn & Refine” Ongoing BVR Focus

**Feedback**

Establish a continuous process to gather and review regular feedback from field-level employees and management, including standardized issue resolution

**Capture and Deploy**

Document lessons learned and best practices for use in future transformations, ensuring consistently high levels of value realization

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Case Study
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