KEY INSIGHTS FOR TRANSFORMING ORGANIZATIONS
A STUDY ON TRANSITIONING TO DATA DRIVEN DECISION-MAKING
BENS is a unique nonpartisan, nonprofit comprised of senior business and industry executives who apply best business practices to address the nation’s pressing security challenges.
BENS received a request for assistance from a government partner interested in learning from the experiences of business leaders who have planned, led and/or taken part in an enterprise-wide change management effort focused on analytics-based decision-making. This report summarizes interviews with BENS members conducted during the spring of 2018.

Among the most frequently shared observations were that transformations of this scope require active top-level management, vocal leadership, and commitment to the transformational objectives. The government partner will need to articulate a vision for the organization supported by a clear and actionable business case\(^1\) for change. Key leaders must generate a sense of urgency for the transformation. Additionally, the government partner’s transformation effort should begin with the division, organization, or component agency that has the highest likelihood of success.

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\(^1\) A business case is a written or verbal value proposition intended to educate decision makers and convince them to take action. [https://whatis.techtarget.com/definition/business-case](https://whatis.techtarget.com/definition/business-case)
Leaders can improve operations and mission response if/as they consistently receive timely and reliable operational data that allows them to estimate, forecast, plan, and otherwise make highly informed decisions. Operational analytics will streamline isolated data silos and business activities into a common data model with standardized processes. With appropriate support from leadership, and best placement within the organizational structure, an operational analytics program can create the environment for change to produce the foundation for quality decision-making.

Meaningful, sustainable change becomes a priority when top leadership make it so. Employees need to hear from the organization’s leader that analytic-based decision-making is a priority.

Those leading the culture shift must establish and justify the priorities for the change.

Leaders must define the current “as is” state and continuously communicate what the “to be” success will look like. Employees will need to understand why this change is important and how it benefits and impacts the individual.

Successful transformation efforts require active top-level management, vocal leadership and commitment to the transformation objectives. Progress towards transformation milestones and goals should be continuously communicated to employees and should be priority agenda items incorporated into the organizational leader’s battle rhythm.
To transform an analytic culture, an institution should meet preconditions:

- Data analytic capabilities, the ability to visualize that data, and a means to integrate the management of core business processes are important. Business leaders also emphasized the utility of enterprise resource planning\(^2\) (ERP) software. The transferability of its benefits to the public sector should be explored.

- Ideally, the ERP software will integrate processes and information across platforms and business functions, allowing for a more streamlined and effective organizational structure.

- These preconditions and the organizational data itself are symbiotic; without large amounts of data, the preconditions serve no purpose. Without the ability to analyze, visualize, and utilize data across departments, the collection of data serves no purpose.

The transformation effort should begin with the division/organization that has the highest likelihood of success.

Create a steering committee, reporting directly to the organization’s leader or a designated transformation leader, to assist with prioritizing requests against a fixed budget and with adjudicating when return on investment against risk becomes the primary driving measurement for transformation decisions.

Define accountability explicitly, within the long-term priorities of the organization, at the beginning of the transformation process. Outline the goals of programs, assets, capabilities, budget, policies, and authorities.

Recognize top talent and employees, likely to be early adopters, will be watching. When the program achieves initial success, these employees will be attracted to participate in subsequent implementation.

Reach out to the best human resource (HR) professionals in the organization at the beginning. Given their personnel management and organizational structure expertise, they should be able to offer guidance on how to incentivize change and work opportunities to best suit the needs of the transformation. (This is also where the organization’s leadership statement of prioritization will be critical for getting HR support.)

\(^2\) Enterprise resource planning (ERP) is an accounting oriented, relational database software system for identifying and planning the resource needs of an enterprise. [http://www.businessdictionary.com/definition/enterprise-resource-planning-ERP.html](http://www.businessdictionary.com/definition/enterprise-resource-planning-ERP.html)
REASONS TRANFORMATIONS FAIL

MISALIGNED PRIORITIES
Too many organizational transformation priorities
Transformation is not one of the top organizational priorities

LACKING ORGANIZATION
Missing or underperforming project management office
Missing a clear transformation roadmap
Missing or unclear definition of obstacles (organization, people, processes, “turfs”) and strategy to resolve or mitigate the obstacles

NOT FULLY INVESTING IN ENABLERS
Compensation/benefits/rewards are not aligned with the transformation
Inadequate budget to support the transformation
Inadequate investment into the necessary talent to lead the transformation
Missing full involvement of Human Resources

FAILURE TO COMMUNICATE
Missing clear and constant communication
Not celebrating victories, especially early victories
Misinterpreting early victories for the total transformation success
A government partner in January 2018 requested private sector insight into how to plan and execute a large corporate transformation resulting in an organization wide adoption of analytic-based decision-making. Business Executives for National Security (BENS) staff conducted interviews with BENS members with relevant experience during the spring of 2018. The feedback and recommendations from BENS members focused on the importance of the business case for transformation, setting conditions for successful transformation, and change management issues, to consider before and during the transformation effort. These base questions provided by the government partner guided the interviews.

What is the critical strategic characteristic needed to develop a road map that would allow us to transform an organization to one that embraced decision-making informed by analytics?

**Preconditions.** When managing organizational transformation, three preconditions are critical: data analytic capabilities, the ability to visualize that data, and enterprise resource planning software that integrates processes and information across platforms and business functions. The preconditions and data itself are reliant upon one another. Without large amounts of data, the preconditions serve no purpose and without the ability to analyze, visualize, and utilize data across departments, the collection of data serves no purpose. At the core of determining the usefulness of these analytics and data itself is authenticity and accuracy.

**Commitment from leadership.** The most important characteristic for the strategic road map is a commitment and focus from leadership and management to the collection and reporting of data. If there is a cultural presumption that leadership cares about data because it is critical to the overall mission, people will fall in line. The organization must prioritize what data sets are most important to the overall mission. Getting everyone used to the idea that those two or three data sets are more important for the transformation than others will make the process easier to grasp for the organization’s staff while also sending the message that data, as a whole, is important. Over time, the list of data sets can and should expand. After a number of iterations, leaders should be flexible and prepared to adjust data needs to better align with mission requirements.
How does a complicated government organization transform its analytic culture? How does an organization make a change, to embrace analytics as an important, even integral component of planning and decision making processes?

Prerequisites. Often, those leading technological transformations will be someone promoted from within the Information Technology (IT) or technological support departments of a company. This ignores the opportunity to identify operating managers, with proven change management records of accomplishment, and utilize their experience. These proven performers will have already established relationships with organizational leadership, and be able to create a successful project management team. This project management team will outline the logistics, short and long-term structure of the organizational realignment and transformation.

The transformation leadership should not ignore the importance of subject matter expertise. While trusted project managers should oversee the transformation, human resource professionals can be a resource to fill the project management teams with subject matter experts.

Within the operational analytics program, there is potentially a need for a steering committee\(^3\) that can prioritize many requests against a fixed budget, and where return on investment against risk becomes the primary driving measurement.

Before and during the transformation, the organization should consider the following questions:

1. What is the organization’s definition of success for the operational analytics program? How will the organization measure success?
2. What problem statement, mission, or vision are guiding the operational analytics program effort?
3. What is the overall value of the investment to date on this effort?

Prioritization. Those leading the culture shift must establish and justify the priorities for the change. These priorities must outline and fit within the greater scope of the organizational transformation “roadmap”, informing both short-term and long-term decision-making. The leadership must describe the “as is” and the vision for what “will be”. The internal and external communications aspect is equally important as plans of action and milestones, road maps, metrics.

The project management team should consider establishing milestones of success that are a combination of symbolic and material objectives.

Communication. Individual employees need to understand why this transformation is a priority and the likely benefits and impacts to the individual. The internal communications plan should begin at the “cosmic” level and be translated down to the individual “why should I care?” level. If this is a priority for a government partner, employees need to hear it from the most senior official within the agency. The results of a 2015 McKinsey and Company global survey indicate that communication, specifically, is critical to a successful transformation. At companies where senior managers communicate openly and across the organization about the transformation’s progress, respondents are eight times as likely to report a successful transformation as those who say this communication does not happen. Good communication has an even greater impact at enterprise-wide transformations, where company-wide change efforts are 12.4 times more likely to be successful when senior managers communicate continually.\(^4\)

\(^3\) An advisory committee usually made up of high level stakeholders and/or experts who provide guidance on key issues such as company policy and objectives, budgetary control, marketing strategy, resource allocation, and decisions involving large expenditures. [http://www.businessdictionary.com/definition/steering-committee.html](http://www.businessdictionary.com/definition/steering-committee.html)

When can/could an enterprise organization begin to recognize value from adapting decision-making based on such analytics?

To raise the probability of success, identify a lead organization for proof of concept testing. Rather than focusing effort on an organization that requires improvement, choose the division/organization that has the highest likelihood of success. After the initial test case, report lessons learned to the steering committee to ensure future iterations build upon achieved progress.

Top talent and early adopter employees will be watching. When initial results are positive, these employees will want to be part of the process. This will increase awareness of success throughout the organization.

Data analytics is sometimes considered counterintuitive, and therefore an unnecessary focus. Change management leaders must be able to point to the real, tangible value of analytics to prove its worth throughout the process. To complement the communications effort that is ideally flowing from the top down, leaders require a feedback loop to help report on change initiatives, measure success, and help pivot for greater future success. Those in charge should consistently check in with their staff regarding progress and communicate the ways in which the transformation is affecting the organization in a positive way.

Our organization envisions an analytic system/approach that can guide programs, assets, capabilities, budget, policies and authorities. What strategies should our organization consider for building such an approach?

Human resource professionals and communications professionals should be collaborating with the established project management team throughout the transformation effort. The human resources department’s primary mission during transformation is to ensure both people and positions are properly oriented to accomplish the organization’s mission. The communication team broadcasts the need for change to legislative stakeholders, employees, and the American public.

As part of the transformation, the government partner must accept and embrace the law of unintended consequences. It is important to recognize the potential to predispose data analytics to human-biases from the beginning. Let data speak for itself and let the project management team tune the analytics to achieve the organization’s objectives. The organization should apply an intellectual property view of their data. Organizational data is unique to the organization and the organization should mine the data to the greatest extent possible. The organization should consider this a research and development effort and allow for some semblance of failing forward. Leaders of this effort need a common understanding of how the good ideas developed during this transformation will be tested and then institutionalized throughout the organization. They will also need to consider what kinds of security needs to be tied to each individual role accessing data both in transit and at rest. There are good use cases in the health care/medical field that can illustrate best practices.

In seeking to change organizational culture to motivate an embrace of analytically based decision-making, what levers are most likely to be most successful: structures, incentives, processes, other tools? Individual employee incentives. Human resource departments, due to their personnel management and organizational structure expertise, should be able to help incentivize change and provide work opportunities to suit the needs of the transformation. The overarching objective should be that, if a person commits to success and working toward the goals as outlined in the initial strategy, they should be recognized, rewarded, or promoted. Developing appropriate, creative, and available incentive programs within a government organization requires dedicated and innovative human resource professionals skilled at incentivizing change management within the federal bureaucracy. For example, identifying and utilizing
professional development training opportunities as a reward mechanism benefits the individual, the division/department and contributes positively to talent management.

**Division/Agency level incentives.** An incentive or punishment (disincentive) approach to data reporting and analytics can be applied to the divisions and agencies that comprise a government partner. Leadership must prioritize the accuracy of certain data as critical to overall organizational success and similarly implement consequences for the organizations that report inaccurately or fail to report entirely. Over time, employees will embrace data based performance metrics as part of the organization’s culture. The transformation to analytic-based decision making is an opportunity to chart acceptable organizational behavior and performance. Leadership must be prepared to reprimand those divisions/agencies who fall below standards and culture will change over time as a result.