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The Challenge of Transformation in an SME

Questions an SME Leader should consider when
contemplating a business transformation

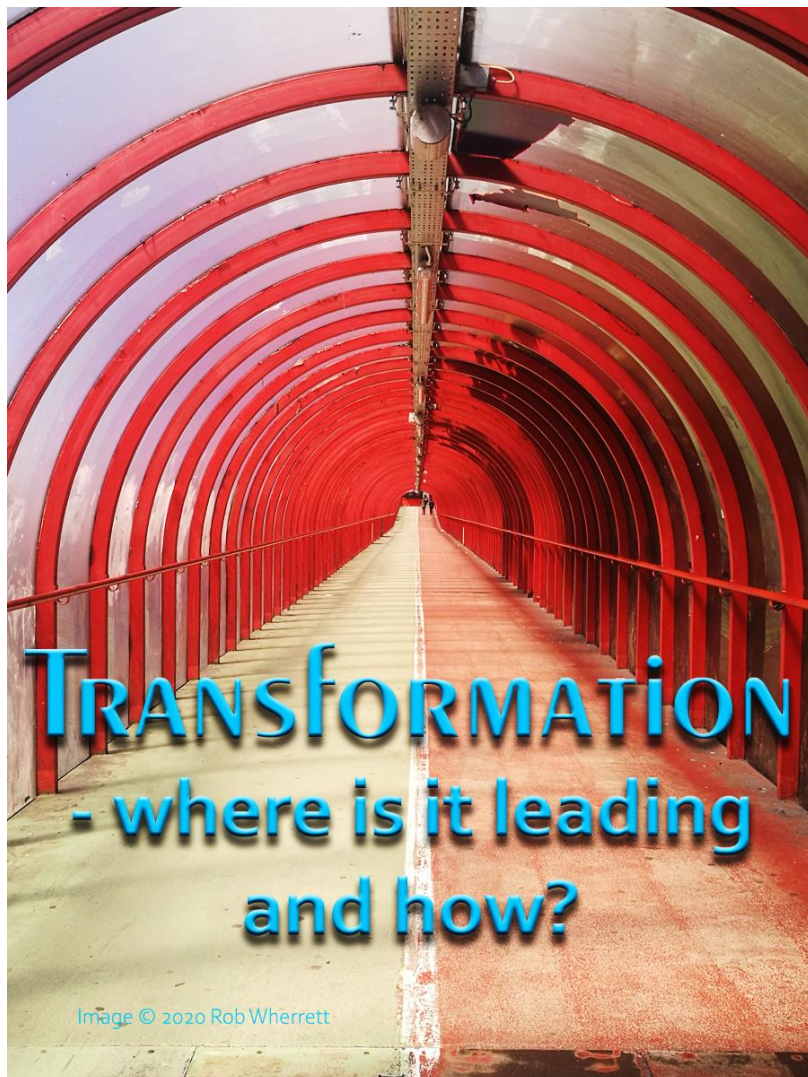
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The Challenge of Transformation in an SME

As the leader of a Small or Medium Enterprise are you surprised at how difficult it is to find appropriate support when contemplating major change activity? Where **do you** go for help?

There isn't a one-stop website or directory where you can find everything, from people development and culture, through to creativity, business project planning and governance frameworks. Somehow it is assumed that business leaders and entrepreneurs can just forge ahead. They are in control. They have the great ideas and know what to do to execute them.

Sadly, the reality is somewhat different. Whether you are running an operation with just a handful of people or are employing several hundred, there's nobody who is going to have all the answers to the multitude of questions that a transformation is going to pose. So I'd like you to step back for a moment and consider the various components that you are going to need and why.



The challenge for SMEs

Read on /...



1. How are you going to test the working hypothesis?

You know, that statement of what you think needs to be done to get where (you think) you want to be. If I told you that in 100% of cases I've ever come across, the initial hypothesis was actually wrong - would you be surprised?

Sadly it's true. So right there at the first step, unless you do the testing, you're certain to be setting off on slightly the wrong tack or, worse still, in completely the wrong direction. What's that likely to cost your organisation in terms of retrofitting or remediation at a later date? How much might it devalue the benefits you are seeking to gain?

2. Given the likely human resource constraints, just how are you going to assemble the right team to run your transformation programme?

Don't forget, your existing people also have day-jobs just keeping the business running and many of them won't necessarily have the skills you are going to require.

3. Do you already have a culture that encourages people to challenge the boss and the boss accepts it as constructive?

If you don't then you are heading for real problems. In a recent report McKinsey & Company highlighted this as one of the key factors inhibiting business transformation in any organisation. However this is actually something I've been telling clients for decades because frequently it's one of the most overlooked areas.

4. Once you have grounded the problem - how are you going to come up with genuinely innovative solutions?

It's no good just copying what your competitors are doing - that's NOT transformation, it's a **#metoo** approach that will barely keep pace with the leading businesses. By its very nature transformation should go beyond. So where are those insights and ideas going to come from?

5. What rigorous tools and techniques do you have at your disposal to ideate and validate? What gives you great confidence that these are the right ones to use?

If your business isn't actually focused on innovation as a matter of routine, then these tools or techniques are likely to be few and possibly not well-understood. Would you set out on an expedition where the leader wasn't an accomplished explorer who knows how to use a compass, navigate in the dark, deal with first aid or handle the expedition equipment with confidence? Yet these are pretty useful analogies for the tools you are going to need to design your transformation.

6. The last time a project was planned in your business - did it work 100% at the first attempt?

9 times out of 10 the answer is likely going to be "No". Yet that was just a straightforward project. Transformation is way more complex for two reasons. First it tends to be all-encompassing, with every part of the business affected in some way. Second it is going to be doing stuff that you don't currently do - otherwise what's transformative about it? Therefore the planning needs to be a whole lot more robust.



Are you planning from the 100% certainty of today into an increasingly uncertain future? How are you going to turn that around to make certain of landing at exactly the right place at exactly the right time, with all of your business intact?

7. **Do you have a routine governance structure in place that controls resource usage on projects?**

If you do - then congratulations, you're ahead on that one. However it's not common to find these in daily use, yet their importance when trying to keep a transformation on track should not be underestimated. There will be all sorts of things diverting resource into blind alleys or fulfilling differing agendas. **You need good programme governance** and yet how do you stop that being a bureaucracy that throttles everything?

8. **Who manages the dependencies between different business units and keeps everything on schedule?**

You wouldn't be the first to admit that there's no such individual or small team. Instead are you relying on each unit or department to control what and when it hands stuff on down the line? That's a great recipe for creating log-jams and it screws things up big time, every time. You simply can't afford it to happen in a transformation programme.

9. **Have you started out with a solution in mind?**

Off-the-shelf solutions to common complex transformations are found all over the place. However that doesn't mean that they are going to transform your business in the right way(s). They should only be considered as components of the delivery when it is clear what you are actually aiming for. Don't dismiss them but don't be seduced by them either. Seduction in the business world can be very damaging. I've seen some huge programmes go completely off the rails because they were chasing a promised solution, not dealing with the fundamentals.

10. **Have your people had appropriate training in transformation processes, tools & techniques?**

If the answer was "Yes" then where did that training come from? How comprehensive was it? If it was simply an online course or a couple of days - then it's nowhere near adequate.

How current is that training? In the last year or so; or was it long before then?

Finally, if they haven't had such training - what steps have you put in place to remedy this lack of understanding? You are putting everything at risk without it.

11. **How will you manage the project risk?**

This isn't the same as business risk - things like customers not paying or suppliers failing to get things right. Nor is it about cashflow. All of those things are part and parcel of the daily business world.

Project risk involves understanding things that can derail or disrupt the progress of your project or programme of change. Just as you might insure your cashflow through factoring invoices, you also need to take mitigating steps to prevent risk becoming reality. It will take resources and additional planning. Leaving it to chance is not an option.



12. Who runs your internal communications?

If there's someone who is designated to be responsible, that's great. However, in smaller organisations communications tend to be quite informal or, conversely, are merely instructions from the owner or managing director. In either case these options are seldom adequate when handling the complex issues surrounding true transformation activity.

What can you do to put this right? Do you know what this entails and what types and channels of communication are really going to be needed? How does this dovetail with the understanding of people, preferences and culture? It's not a simple one size fits all answer, that's for sure. So it really begs the question - how are you going to deal with this in ways that will reinforce what you are trying to do?

13. What would it cost to hire a consultancy to run things?

The answer is *"An arm and a leg"* because you will be paying for highly-experienced professionals to do jobs that they've convinced you cannot be done by your own people. This is one of the biggest challenges facing an SME. Your budget is modest and yet the price of professional advice is not. So how are you going to overcome the affordability conundrum?

Tackling the Challenge

Looking at that not inconsiderable list can be quite daunting. Where should you start and with what or whom? There's no wonder that SMEs who don't have great departments solely dedicated to doing this kind of thing can come tragically unstuck at an early stage. Even the large corporates of this world aren't very good at it. I've seen the insides of enough of them to know that they struggle just as much, although the causes of their struggles are frequently more structural - often with a certain amount of internal politics getting in the way.

In truth, the SME is facing a myriad of interlinked problems and finding the right structure and team to deal with them all coherently is one huge challenge. Yet, if they get it right, the results can run rings around their competition - no matter how large.

So there's the quandary - you ideally want that kind of result but need to do it on a shoestring or from a standing start.

Fortunately there is **some** light at the end of the tunnel. I've been working for years on finding ways to make all this comprehensible and compact. To enable businesses to take control of transformation in ways that alleviate most if not all of the problems and challenge outlined.

Then I looked at the huge problem of affordability. Having worked in consulting - I know what fees get charged. How long consultancies tend to embed themselves in an organisation to help facilitate major change. It adds up to more than a few rows of beans. Even at the cheapest end of the scale it can equate to a significant chunk of annual business turnover.

However the answer is altogether comprehensive, coherent **and** affordable. It starts with a conversation between myself and the business leadership to understand what is envisaged and why. That is followed up by a more detailed strategy session to define the way forward. Neither of these interventions will cost you a penny - just your time and commitment for a couple of hours.



Why do I do it? I've been in business on my own account, in small companies, large corporates and elsewhere for over 40 years. I've seen most of the problems first-hand. I also know how to tackle the unforeseen and get things back on track. So ultimately my company can coach and mentor you and your own teams through the process. It delivers better results, with more certainty and keeps the costs well under control. As they say "What's not to like?"

So, if you want to know more, then get in touch. Read the additional material I'm going to send you after this and let it sink in. The only commitment you need to make right now is to keep an open mind and figure out how much this approach might be worth to you.

Rob Wherrett - Changing Your Business

helping you nail your desired business transformation first time

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