

Abstract: As its market and technological needs evolve, every company needs to change. At some point in the existence of many companies, the organization needs to go beyond change to transformation. This article examines the difference between the two concepts and how to go about transforming with care.

Should you change your business — or transform it?

As its market and technological needs evolve, every company needs to change. There's even a formal term for the undertaking: "change management." From an operational standpoint, change involves opening up the hood and switching out old engine parts for new ones. Even if it affects the business as a whole, change means focusing on specific areas and making alterations over relatively short periods.

At some point in the existence of many companies, the organization needs to go beyond change to transformation. This is much different. Business transformations aren't so much about switching out parts as overhauling the entire engine, possibly modifying the frame and even applying a new coat of paint. Let's look a little more closely at the distinction.

Reinvent yourself

Say a large commercial construction company was having trouble meeting its sales goals because of environmental regulations. So, it decided to augment its sales teams with environmental engineers who could better assess the compliance impact. The company applied change management principles — such as building a case for the idea and adjusting its business culture — and was successful. This was no doubt an important *change*, but the business itself wasn't *transformed*.

The objective of a true transformation is to essentially reinvent the company and implement a new business model. And that model needs to be a carefully, formally devised chain of interlocking strategic initiatives that apply to the entire organization.

Perhaps the most obvious and universal example of a business transformation is Apple. The technology giant, once a head-to-head competitor with IBM on the personal computer market, found itself struggling in the 1990s. So, under the tutelage of the late Steve Jobs, it transformed itself into a mobile technology company. It still makes computers, of course, but the company's *transformative* success can really be attributed to its mobile devices and operating systems.

Think and act wisely

Every business transformation differs based on the history, nature and size of the company in question. But there are best practices to keep in mind. For example, start with your customers, visualizing what they need (even if they don't know it yet). Also, build a chain of initiatives, so you're not trying to do everything all at once. And use metrics, so you can track specific dollar amounts and productivity goals throughout the transformation.

Above all, be ready for anything. Even the best-planned transformations can produce unpredictable results. So keep expectations in line and take a measured, patient approach to every initiative involved.

Bring along help

Successful business transformations can be spectacular and profitable. But, make no mistake, the risk level is high. So if you decide to embark on this journey, bring along your trusted financial, legal and strategic advisors.

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