



The Leadership Edge



The Secret to
Successfully
Transforming
the Front Office

Introduction

Imagine you're standing outside in the wilderness at the beginning of a new and challenging trail. You know the destination that you want to reach, and you're certain it will be worth the effort when you get there. But there's one major problem – you don't really know how to get there. Thick forests, high mountains and deep waters stand between you and your goal. As you tentatively take your first steps on the rocky path, a piece of paper blows towards you. It's a map, on which trailblazers before you have made notes, detailing their routes and pointing out how to overcome some of the major challenges along the way. Would you pick it up, or leave it where it is?

In business, transforming the front office is a similarly challenging journey.

Customers have more choices available to them now than ever before, meaning businesses have had to become much more customer-centric in order to win their trust and loyalty, across B2B and B2C. They're trying hard to engage customers better through marketing, sales, service and support. Making incremental changes across each of these areas is not enough. Instead, companies are undertaking major projects to transform their business processes and the technologies they use to identify, engage, sell to, service and retain their customers across all of these functions. We call this Front Office Transformation (FOT).

There are a number of challenges involved in FOT – but, rather than tall trees, tricky terrain and raging rivers, they are securing leadership buy-in, obtaining big budgets, managing massive risks

and delivering real results – all under the watchful eye of the board, competitors and customers. Getting FOT right first time is essential – there are no second chances.

Companies understand the benefits of FOT and, in theory, are prepared to blaze a trail – but, in practice, where do they start? How do they drive the programme to a successful, self-sustaining outcome? What are the key factors that determine success or failure? And, crucially, what can be learned from companies that have done it before?

We have set out to answer these questions through a programme of in-depth research. We surveyed more than 700 senior leaders, across a range of industries and countries, to hear about their direct experience of transforming the front office. In addition, we held wide-ranging interviews with a number of Front Office Transformation experts.



This report will share the major learnings from this research, with the aim of answering the key question: **What is the secret to a successful FOT?**



FOT is driven by fear of losing customers, not a desire to win new ones



Customer-centric objectives, such as delivering better customer service and support (53%) and driving better customer satisfaction and retention (52%) are among the most important FOT objectives for companies. Significantly, direct revenue-generating activities, such as acquiring new customers (2%) and identifying new prospects (1%) are regarded as among the least important.

This shows that companies are truly putting their customers at the heart of their transformations. It also suggests that companies understand that customer churn is costly and time-consuming and that, in order to retain customers and not lose out to the competition, they must up their game on customer experience.

The Leadership Edge: Senior leadership drives FOT success

Clearly, there are several success factors in transforming the front office, but one message comes through loud and clear: the more heavily and actively involved the Senior Leadership Team (SLT), the more successful the project. In this report, we examine closely how the Leadership Edge drives better transformation.

The impact that SLT involvement has on FOT success is undeniable: more than two-thirds (68%) of companies whose SLT was actively involved in their FOT said the project was successful. This is a significant figure in itself, but even more so when compared with those whose SLT was not actively involved – less than half (45%) of them said their FOT was a success. This gulf in performance proves that the involvement of SLTs provides an essential edge when it comes to FOT success. **But why is this and what exactly is the Leadership Edge?**

- 1. budget**
- 2. culture**
- 3. enablement**

As we explore these critical elements, we will look at companies whose SLTs are “fairly actively or heavily involved” in their companies’ FOTs – we will refer to these as ‘active-leadership companies’ – and those whose SLTs were generally hands-off, not actively involved, or had no involvement whatsoever – the ‘passive-leadership companies’.

“What’s the difference between a good and a bad FOT? Good is where the executives of the business remain engaged in the transformation. Bad is where they say, ‘We’ve got a plan, we’ve got a strategy – CIO here, you’ve got to go fix it’.”

Adam Spearing

EMEA Field CTO and SVP Solution Consulting UKI, Salesforce

The Leadership Edge: Culture

If senior leaders don’t build an FOT culture, who will?

With any workplace transformation project comes a sense of resistance from employees; it’s natural to be sceptical about change. FOT is no exception and, in fact, a massive 98% of all respondents said that FOT proved to be a major cultural challenge for their employees. This figure shows that companies must not underestimate the broad impact of a transformation programme. If you do not bring your employees along on the journey and help them understand what you are trying to achieve, and how it benefits both the business and them, then success will likely be limited.

Only 13% of all companies said they were very clear about the type of culture they were trying to build with FOT, and 97% of respondents said employees saw FOT as a side project, not a major company initiative.

■ **Figure 1** FOT is a major cultural challenge for employees

To what extent do you agree with the following statements about your company culture, in relation to Front Office Transformation?

Front Office Transformation proved to be a major cultural challenge for our employees

98%

FOT was seen as a side project by employees, not a major company initiative

97%

Employees were at first reluctant to partake in FOT, but eventually became advocates

61%

Employees complained that the technology involved in FOT was too difficult to use

40%

Employees felt that FOT was all about technology, not about making their lives easier

20%

We were very clear about the type of culture we were trying to build with FOT

13%

Employees were very keen to participate in FOT

7%

It's clear that cultural resistance is a barrier to FOT, but how can it be overcome? The Leadership Edge comes into play here, with active-leadership companies able to nurture a much better FOT culture.

More than three-quarters (76%) of active-leadership companies said that, although employees were reluctant participants at first, they eventually became advocates of FOT. This is significant and shows that hands-on leadership helps change employee attitudes. In contrast, only just over half (55%) of passive-leadership companies managed to turn their sceptical employees into FOT advocates.

These data points suggest that strong SLT involvement can drive the right culture within a company. And when 90% of all companies say that employees struggling to adapt to new processes and ways of working was among their biggest FOT challenges, companies need to do everything they can to solve this.

Active leadership involvement appears to be a key factor in turning employees into transformation advocates, but it is not enough on its own. Senior leaders must – as part of their active involvement – communicate the benefits of transforming the front office to employees, clearly and directly. Once employees understand the potential benefits to them personally, such as learning new transferable skills, they will likely be more engaged with the process.

Adam Spearing, Salesforce's EMEA Field CTO and SVP Solution Consulting UKI, says that companies must strive to articulate the benefits of FOT to employees.

"It is really important that individuals can align to values and are very clear on the 'what's in it for me?'" he says. "If you can articulate that for the individuals, then you can find champions in the business who can put their hands up and go, 'Yeah, this is great, I'm in. This is really making my life better.' Then, you'll find the adoption will ramp up faster and people won't look upon this as a burden."

Building the right FOT culture was important to financial services firm L&C. Its senior leadership took significant steps to achieve this, as its Marketing Director Jane Harrison explains.

“We did a staff competition to name the new platform – there were around 50 entries and we offered a prize,” she explains. “The name they came up with was Elsie, because we’re ‘L and C’. We then did a teaser campaign saying ‘we want to introduce you to your new friend...’ and people were really intrigued by it all.

“It was a real moment for us – we didn’t impose, we actually engaged. And now we’ve got a name which is actually a persona and it really humanises the technology. It makes it more friendly and approachable.”

Cultural issues can be a major concern for companies when completing any transformation project, so ensuring that the SLT is leading by example can make the difference. In addition, the SLT has the power to communicate the FOT strategy clearly across the company, including how everyone will ultimately benefit, which is a key driver of a more positive culture.

Developing a transformation culture is a core tenet of the Leadership Edge, and the Leadership Edge makes companies’ FOTs more likely to be successful. Some 68% of active-leadership companies said their FOT was a success, compared to just 45% of passive-leadership companies.

Culture club

It’s not just SLT involvement that can influence cultural acceptance of FOT; there is some interesting variance across industries.

Almost half of (47%) of retail and consumer goods respondents – the highest of all industries and significantly above the average of 40% – said employees found the FOT tech too complicated to use. This could be partly owing to the fact that retail workers tend to deal primarily with customers in person, rather than via technology.

Financial services outperformed other industries when it came to being clear about the type of culture they were building with FOT; almost a third (31%) of financial services respondents, much higher than the average of 13%, agreed with this statement. Many banks are global organisations, which need a cohesive, joined-up strategy before rolling FOT out; this could explain the clarity in their messaging to employees around FOT.

The Leadership Edge: Enablement

If employees can't use the technology, how can they serve customers?

Building a positive transformation culture cannot be done without proper employee enablement. The Leadership Edge has a strong role to play in this regard; there is a correlation between active SLTs and better enablement throughout the entire process.

Firstly, active-leadership companies are more likely to spend a significant portion of the FOT budget on employee enablement than are those with passive leadership: twice as many active-leadership companies invested 41-50% of their FOT budgets in enablement than did passive-leadership companies

Once the budget is set, 81% of active-leadership companies measure the digital skills of employees before offering them FOT training and tools, compared with just slightly more than half (56%) of passive-leadership companies. Companies are likely much better able to offer effective enablement to employees if they know what their starting points are, confirming that the Leadership

Edge applies to enablement planning. Measuring the digital skills of employees is especially important in today's workplace, where employees from generation Z to baby boomers work side by side. The varying levels of digital savviness and the difference in preferred learning styles means that understanding the starting point is essential.

When it comes to enablement activities, active-leadership companies are more likely to offer innovative options. Four in five (80%) active-leadership companies are investing in experience-based enablement, such as escape rooms, compared to just half (50%) of passive-leadership companies. This is a crucial point, because experience-based learning tends to be among the most effective methods of enablement. Passive-leadership companies tend to invest more in traditional training, such as self-paced online training modules (55% of passive-leadership companies, compared to only 43% of active-leadership companies.)

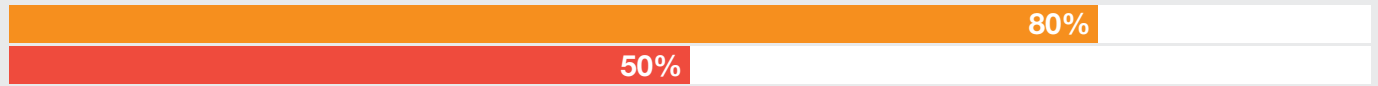
These data points paint a clear picture that the more involved the SLT, the better employee enablement will be across the company.

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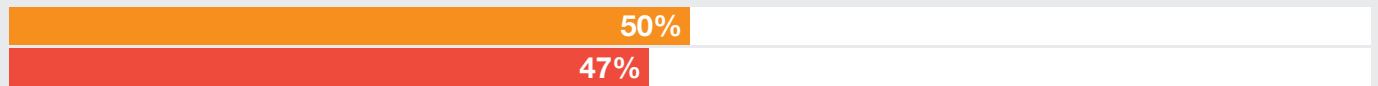
■ **Figure 2** Active-leadership companies invest in more innovative enablement

Which of the following things did you do to enable your employees around Front Office Transformation?

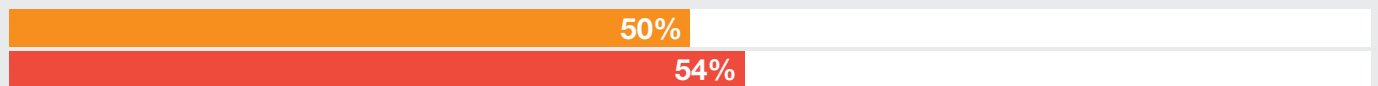
Experience-based learning (e.g. Escape rooms)



Appoint enablement champions to help people on a day-to-day basis



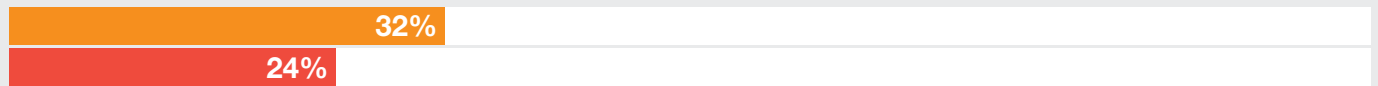
Webinars and videos



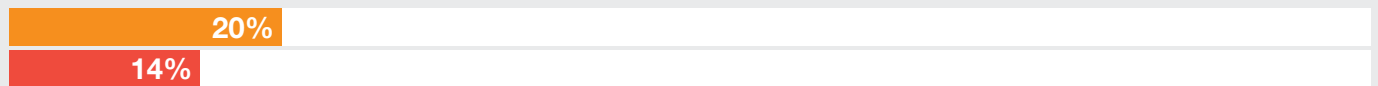
Self-paced online training modules



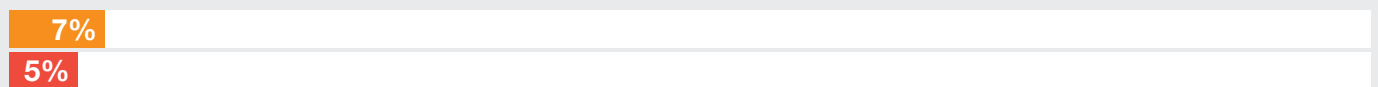
Traditional classroom training and tests



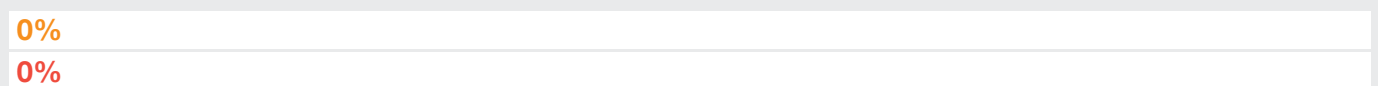
1:1 coaching sessions



Gamify enablement with fun activities and incentives



We did not offer employees any enablement around Front Office Transformation



- Active leadership companies
- Passive leadership companies

Paulina Lujan, Director of Applications Adoption at a leading industrial services player, Leadec, says that leadership-led enablement is crucial to FOT success. At Leadec, she explains, a number of ‘digital readiness’ sessions were carried out globally in order to fuel the success of its Cosmos FOT project.

“The COO and I discussed a new set of stakeholder assessments – the ‘digital readiness workshops,’” she continues. “We did these all around the world and we assessed the leaders and their direct reports. In total, we had 155 participants in six countries, and in the sessions we introduced them to digital readiness as a concept. Nobody can say that they have not heard about Cosmos.”

Salesforce’s Spearing says that, when it comes to enablement, it’s essential that employees are empowered to encourage each other.

“Champions are important,” he says. “But you’ve got to find buy-in across the different types of learners that are out there. So, you need to think about different ways of learning, much like any teacher would look at the pupils in the school. If you can provide the different types of pupils with different ways to learn, you’ll get the best out of them.”

Enablement matters

It’s not just SLT involvement that can influence the types of FOT enablement offered. There are some significant cultural differences between countries and regions.

France, Germany and the US tend to be more traditional when it comes to enablement, with their top enablement offerings being webinars and videos. However, Switzerland, the UK, the UAE and Italy are more innovative, with experience-based learning topping their list of activities.



The Leadership Edge: Budget

Is that quick and easy FOT budget sign-off a major red flag?

Building the right culture and enabling employees are essential ingredients of FOT success once the project is live. But there's a crucial step to consider right at the very start of the process, so it's important to rewind and consider it: the budget.

When it comes to major projects like FOT, securing sufficient budget is essential. Active-leadership companies are likely to have had a better experience in this regard.

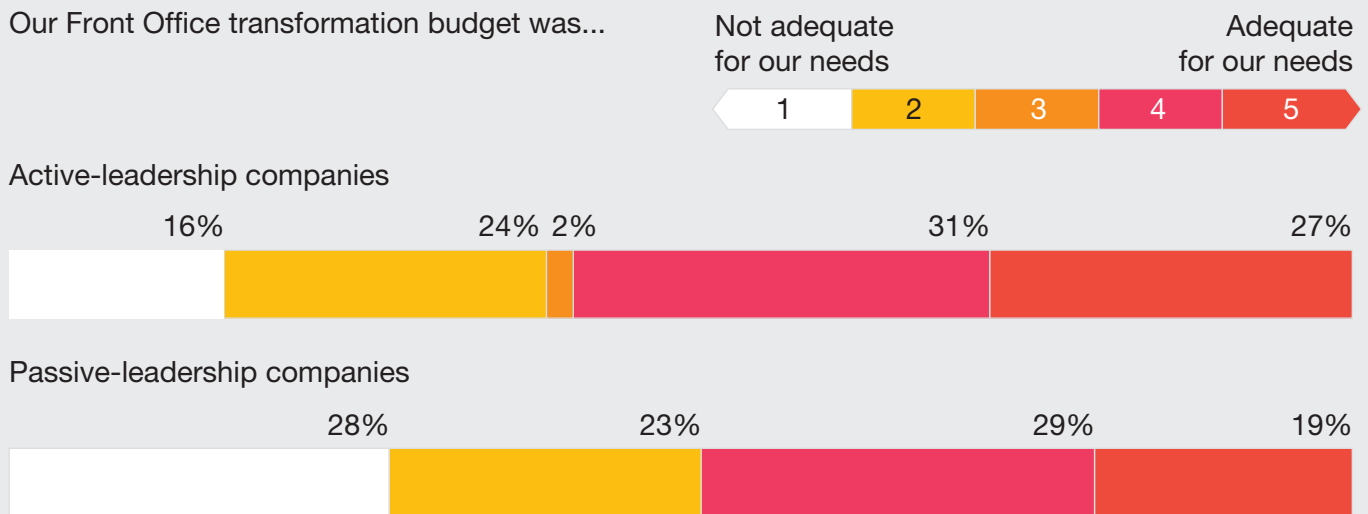
Although passive-leadership companies found getting FOT budget approval much easier (35%) than active-leadership companies (26%), three in 10 (28%) of them said the FOT budget was not adequate.

Greater scrutiny of FOT budgets by the active-leadership companies resulted in a much greater chance of securing the funds necessary for the project, with only 16% of these companies saying their FOT budgets were inadequate.

This suggests that an easily secured FOT budget is perhaps ill-conceived and steeped in short-term thinking. Having a more rigorous approach to securing budget suggests that the company is putting a lot of thought and resources into the FOT, which will likely stand it in good stead as it is rolled out.

Figure 3 The budgets at passive-leadership firms are less likely to be adequate than those at active-leadership companies

Please select the statements that best describe your views on your Front Office Transformation budget



Leadec’s Paulina Lujan says that her firm’s SLT played a very active part in its FOT, with the COO sponsoring the project and overseeing it on a permanent basis. She says the project was seen as a major strategic priority and the SLT scrutinised the budget closely.

“There was a clear strategic decision from our shareholders to allow us to invest in our future, our growth and our overall improvement, so there was budget available,” she confirms.

“But then, in terms of deciding what was the right budget for specific FOT projects, there was a very detailed business case that had to be prepared. We even had other consulting partners involved to support us. The team came up with the final numbers that were submitted to the board and to the advisory committee before they were approved.”

L&C’s HR Director, Andrew Thomas, said that his firm had a similarly stringent process when it came to budget allocation, and that spending for the project is under constant review.

“There’s a specific board risk transformation committee that has been established to review FOT spending, probably on a more frequent basis than the normal board risk committee,” he explains. “They assess the progress being made against the plans and against the associated budgets that have been described.”

Heavy SLT involvement in FOT means that, although budgets may be harder to secure, they are much more likely to be fit-for-purpose. Having the means to fund FOT is obviously essential, highlighting why the Leadership Edge is so important to overall FOT success.

Better budget management is a core tenet of the Leadership Edge, and the Leadership Edge makes companies' FOTs more likely to be successful. Some 68% of active-leadership companies said their FOT was a success, compared to just 45% of passive-leadership companies.



Time is money

It's not just SLT involvement that has a bearing on budget adequacy; time plays a significant role, too. Almost a quarter (23%) of companies that completed their FOTs in the last five years said their FOT budgets were inadequate, compared with only 4% of companies whose FOTs were completed in the last year. This suggests that, five years ago, companies were less certain about the funds required for FOT. However, it's important to note that many of the companies that recently completed their FOTs may be yet to discover the inadequacy of their budgets.



The Leadership Edge: Conclusion

Our research highlights the importance of the Leadership Edge to FOT: the more involved the SLT is in FOT, the more successful it will be. The Leadership Edge offers companies a number of advantages:

Culture curation

Active-leadership companies are better able to turn cautious employees into FOT advocates.

Engaging enablement

Active-leadership companies invest more money in enablement, and focus on more engaging methods, such as experience-based learning.

Better budgeting

Active-leadership companies scrutinise budgets more at the start, but they are more likely to be adequate over the course of the project.

Companies will enjoy much more successful FOTs if the SLT takes a more active involvement in the project from the start. Executives at the beginning of their FOT journeys ought to consider this carefully. Assembling an experienced multi-disciplinary team of senior leaders is an essential first step when beginning an FOT. These leaders must remain hands-on throughout the project.

Senior leaders must remember that culture is core to a successful FOT. If employees are not on board with the programme from the start, this may undermine the entire thing, and ultimately mean the intended benefits are not delivered to the customer, which may result in failure to retain them on an ongoing basis.

Success factors: Who is doing FOT well?

Most companies are succeeding in their FOTs: 52% of companies we surveyed described their FOTs as being 'successful', and a more cautious 48% said they were 'somewhat successful'. Encouragingly, none (0%) described their FOT as being 'unsuccessful'.

Geography: There is wide variance between countries when it comes to how successful they deem their FOTs to be. Larger European markets, such as Germany and the UK, deem their FOTs to be the most successful, with 66% and 60% of respondents, respectively, claiming their FOTs were successful. This compares with only 39% in the Netherlands, which suggests inconsistent levels of maturity and cultural acceptance of transformation across regions.

Sector: In terms of customer focus, the companies that had the highest FOT success rates are consumer-focused: media, tech and telco (64%), and the retail and consumer goods sector (60%). Business services had the lowest success rate (23%). More than half (56%) of B2C companies said their FOTs were a success, compared with just 48% of B2B companies – adding further weight to the idea that consumer-focused companies are better at FOT. B2B companies must see this as an opportunity to up their game – the consumerisation of business means enterprise buyers' expectations are rising.

Time: The longer ago a FOT was completed, the more successful it is deemed to be. Some 63% of companies that completed their FOT in the last five years said the project was successful, compared to just 21% of those that completed it within the last year. This could be owing to the fact that those who completed their FOTs more recently may have a clearer memory of the challenges they faced, or because FOT takes time to become established across the business.

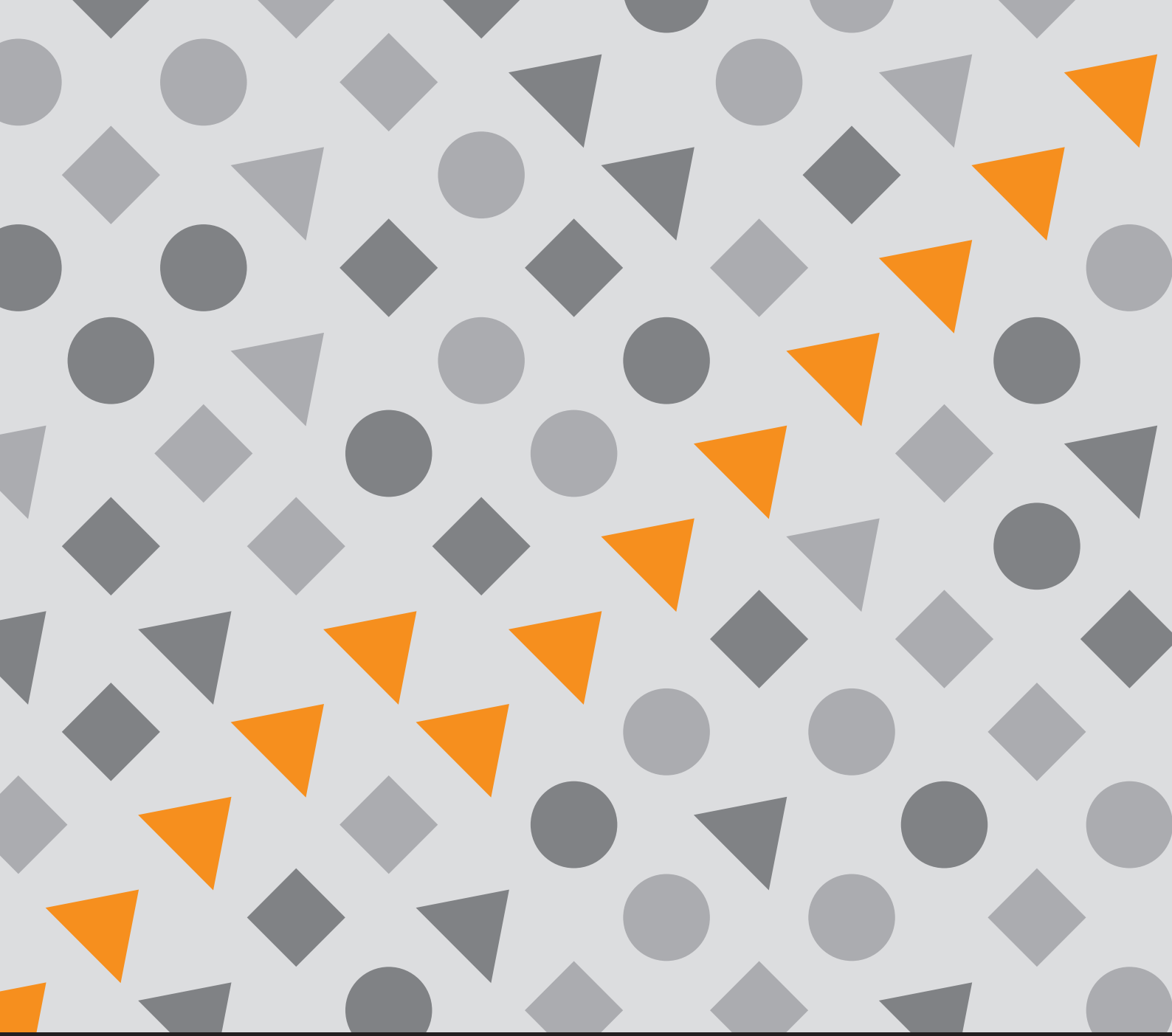




About the research

The analysis in this report draws on an extensive program of quantitative and qualitative research.

A survey of 738 business leaders was conducted across eight countries (France, Germany, Italy, Netherlands, Switzerland, UAE, UK and US) and 9 sectors: automotive and manufacturing; business services; energy and utilities; financial services (banking and insurance); health; hospitality, travel and transport; media, tech and telco; public sector; and retail and consumer goods. All respondents have completed an FOT in the last five years, and companies are taken from both B2B and B2C sectors. In addition, in-depth interviews were conducted with senior leaders who have experience of FOT.



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