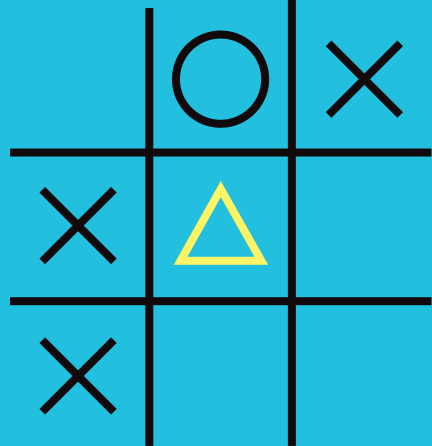


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CHAPTER

# CHANGING THE GAME

THE PLAYBOOK FOR  
LEADING BUSINESS  
TRANSFORMATION



MICHAEL VULLINGS  
GRAHAM CHRISTIE

WILEY

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LEADING BUSINESS  
TRANSFORMATION

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WILEY

First published in 2021 by John Wiley & Sons Australia, Ltd  
42 McDougall St, Milton Qld 4064

Office also in Melbourne

Typeset in Utopia Std 10.5/15pt

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ISBN: 978-0-730-38913-2



A catalogue record for this  
book is available from the  
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# FOREWORD

Digital technology is changing the way we live and the way we work, and is a key driver of transformational change across all industries.

The opportunities for businesses are tremendous, and are arriving faster than anticipated due to accelerated digital transformation spurred by the COVID-19 pandemic.

Leading companies through major change is not for the faint-hearted; it takes strong vision, empathy, drive and, above all, a robust but flexible plan.

Organisations need talented leaders to navigate this change and forge a new path — individuals who possess the ability to drive a dramatic step-change in company performance with confidence and skills to negotiate ever-changing, dynamic markets.

With 35 years of industry knowledge behind them, Michael and Graham are no strangers to digital innovation, and this book draws on their collective experience at the helm of organisations both large and small, steering them through major disruption and change.

The practical skills and know-how for leading business transformation are not things easily studied in a classroom, but rather draw on years of

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experience and hard-earned lessons. This is exactly what Michael and Graham bring to this book.

They have taken the essential elements required to transform companies, and — using approaches I frequently see among top executives and top management consulting firms — have distilled them into this practical and instructional playbook.

Top teams, executives and managers everywhere, regardless of their industry or expertise, will benefit from drawing on the practical tools, templates and approaches they outline.

In my roles as CEO of Telstra and IBM in Australia and New Zealand, I have had the privilege of overseeing the growth and development of the next generation of leaders in these companies and shaping them for tomorrow — not only as market leaders in their time, but to thrive in the decades ahead.

During my time at Telstra, the business underwent an incredible journey of change, pivoting towards the benefits of digitisation and utilising data, and setting up the Telstra Digital unit, which laid the foundations for Telstra's future, and remains at the core of how the business operates today.

Transformation requires not only top executives, but leaders at all levels of an organisation with the skills and fortitude to push the boundaries and find new and better ways to operate. This, together with the constant desire to reinvent the business, has been a vital ingredient of Telstra's success.

More recently I have had the honour of chairing the Board of CSIRO, Australia's national science agency. In my time as Chair, I have watched CSIRO transform not only its operations but the way it does research, bringing cutting edge technology to augment and enhance work in all science domains.

It has led to an acceleration in research to solve Australia's greatest challenges, demonstrating the tremendous value of digital technologies like artificial intelligence and machine learning to Australian innovation.

At such a pivotal time, when digital transformation is disrupting every industry and sector, it is valuable to have a manual and blueprint for adapting to this change.

*Changing the Game* is a practical guide to transforming companies, divisions and teams. Whether they are new to planning and implementing change or a seasoned veteran, this book will provide leaders with a framework, practical tools and a roadmap, so that they too can drive a step-change in their organisation, from start to finish.

*David Thodey*  
December 2020

**David Thodey AO** has been at the forefront of Australian business for over three decades as a distinguished CEO and Chairperson. He has led some of Australia's most iconic organisations through periods of tremendous growth, transformation and shareholder value creation. In 2017, David was awarded the Order of Australia for his services to business and ethical leadership. He is widely recognised as one of the nation's top business leaders.





# ACKNOWLEDGEMENTS

This book reflects the collective efforts of many people—so it is with a great deal of appreciation and gratitude that we thank our friends, families, colleagues and clients.

We would like to acknowledge the many friends and colleagues in our network who have given their time to review and provide feedback on drafts at various stages during the book's development, including Robert Kinkade, Sir Tim McClement KCB OBE, Michael Welch, Dr Marco Berti and Dr Dean Blomson. Their advice and feedback have been instrumental in shaping how we've described and presented the ideas and approaches we use in successfully working with executive teams, senior leaders and managers, and have helped us translate those ideas into a thoughtful and practical playbook. In particular, a special thank you to Jim Patrick AO, who has been a great source of feedback and encouragement during the process.

While writing this book, we've had numerous conversations with exceptional executives in many industries, who have shared their stories from leading transformations in some of the most iconic Australian and international organisations. We are grateful for their time and input into this book, which has helped to enhance and reinforce many important topics throughout.

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In particular, for their support, time and valuable contributions, we would like to recognise the following executives (in alphabetical order):

Sir Tim McClement KCB OBE  
Former Vice Admiral  
British Royal Navy

Neil Robinson  
Managing Director, Digital  
News Corp Australia

Jim Patrick AO  
Chief Scientist Emeritus  
Cochlear Limited

Adam Warden  
Former Senior Partner  
Bain & Company

Michael Pratt AM  
Secretary, NSW Treasury  
NSW Government

Michael Welch  
Former GM Transformation  
National Broadband Network

# PREFACE

Digital technologies are set to disrupt almost every industry sector, which means every company is facing a transformation agenda that can no longer be ignored. The concept of *digital transformation* has gained considerable attention in the media and corporate culture over the past decade, but the term is often misunderstood. Digital transformation as we define it in this book is not about substituting legacy systems with digital technologies. It is about *transforming* a company holistically, creating a step-change in organisational efficiency and customer intimacy supported by digital technology.

Customer expectations have increased dramatically as leading global companies transform entire industry sectors by reshaping and retooling their organisation, exploring new possibilities and adopting new ways of working. These new paradigms in turn now demand that companies constantly adapt and transform their businesses to stay relevant to their customers, competitive in their marketplace, and able to survive and thrive in the digital age.

Drawing on leading practices, *Changing the Game* is a playbook that looks well beyond specific technologies and digital trends. It equips the executive, irrespective of sector, with a strategic, actionable framework

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for transformational change. Used as a practical roadmap that considers important internal and external aspects of leading change, *Changing the Game* offers a straightforward, holistic approach, enhanced by relevant concepts and illustrations, brought to life with insights and real-world examples shared by outstanding leaders.

# INTRODUCTION

This book sets out how to create a step-change in company performance. It's about how to get started, where to focus your effort, and what to do at each stage of the journey — but most importantly it's about how to get results.

The reality is that very few companies are able to sustain exceptional performance for any extended period of time. Most products, companies and even entire industries follow patterns of rapid early growth, steady maturity and eventual decline. To remain successful, companies must be effective at managing renewal, or risk losing relevance and being overtaken by competitors — a situation that, left unmanaged, can lead to eventual company failure and collapse — as was the case with Blockbuster, Kodak and Nokia, to name a few. However, managing renewal is something companies are rarely good at.

*Changing the Game* is not only for troubled companies in search of renewal. It's for all companies that, at least periodically, need to fundamentally enhance their trajectory. Many of the world's most successful companies, such as Apple, Amazon, General Electric, Google and Microsoft, reinvent themselves time and again to sustain their success and retain market leadership. But transforming a company, or even small parts of one, can be an enormous undertaking. Frequently, it can involve redefining the

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core capabilities of the organisation. This can be a confronting task for both management and employees and is often met with resistance, fear and uncertainty. However, with the right level of focus and planning many common pitfalls can be avoided.

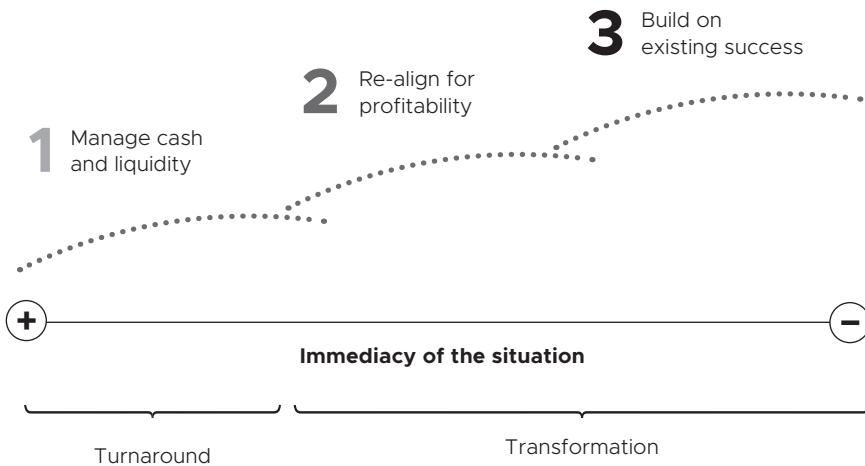
We draw on leading practice to offer practical advice on how to design, manage and deliver a successful company transformation, and provide a basis from which you might take action within your own company. But first, let's look at how to recognise a need for action.

## Crisis as a catalyst for change

At the core of every transformation is a crisis. This can take many forms: Where concerns are about the future, the crisis may be strategic so that the focus is on shifting the business model and building capabilities to maintain a sustainable competitive advantage that will enable the company to compete over the long term. On the other hand, in more distressed management situations, such as a turnaround scenario, the crisis may be financial and asset-related, with concerns typically about cash management and financing debt obligations to ensure short-term survival.

Deciding whether to 'change the game' begins with an assessment of a company's situation to establish the need for action. Leaders in the company should ask what internal and external challenges and opportunities they currently face, how quickly the current situation will change and what the timeframe for action will be. Transforming the company can require an objective look at the company's current financial and operating performance in order to decide whether there is an emerging case for change to which the company must respond. At other times, leaders can be forced into action by outside events, such as a financial market collapse, a global pandemic or a major shift in public policy. In both cases the resulting situation means that companies usually face one of three broad imperatives, based on the types of challenges and opportunities that exist and the immediacy of the situation (see figure I.1):

- 1 *Manage cash and liquidity.* Protect company solvency and ensure financial obligations are met, often with specialised outside support.
- 2 *Realign for profitability.* Overcome a trend in average or below-expectations performance, such as failure to meet sales or profitability targets.
- 3 *Build on existing success.* Sustain success or realise even greater results by responding to marketplace changes, building capabilities and acting on new opportunities to sustain competitive advantage.



**Figure 1.1: recognising the need for action – three broad company imperatives**

Companies building on existing success should be on the lookout for early signs of market transitions that lead to new opportunities. Leaders in these companies should ask what the trend breaks are and when the long-term situation is going to change. Early recognition of market shifts can provide significant opportunity to capitalise on these trends by proactively repositioning the company, making strategic bets and exploring sources of innovation to create viable future options.



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For companies that operate in rapidly changing markets, transformation is no longer being seen as a ‘one-off’ event, as the market changes demand an ‘always-on’ transformation in which change and renewal are constant. This suggests that sources of both innovation and transformation are themselves becoming increasingly important capabilities that companies need to institutionalise or hardwire into how they operate. Creating an organisation that has the capacity to remake itself is not easy. At first a company may not have all the necessary capabilities, but over time it can establish processes and structures that build a culture in which adapting to change is part of the new normal.

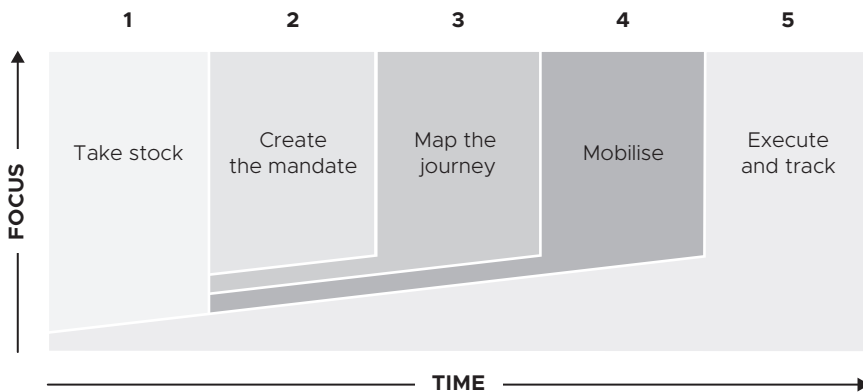
A range of situations can signal that changing the game should be an essential part of a company’s forward-management strategy. For a company that is performing strongly, this book provides a framework for sustaining success and delivering a step-change towards even greater results. If a company is facing uncertain market dynamics, increased competition and lacklustre financial results, *Changing the Game* offers a pathway to reinvention and growth. For companies already facing challenges, the mounting pressure for change will require an immediate coordinated and systematic response. In each of these situations, *Changing the Game* provides the framework, methods and tools to take action and drive results.

## An integrated approach to transformation

While transformation programs need to be tailored to each company’s unique situation and context, companies that are successful in transforming often deploy an orthodox set of tools and methods. While the imperatives for change and the scale of the effort required can vary widely from company to company, there are many common elements, including assessing existing performance; exploring key issues and opportunities; establishing a bold and ambitious vision for the future; developing a robust strategy; ensuring funding, skills and resources; and

sustaining momentum over the course of a multi-year program. So it is not surprising that undertaking a major transformation—whether to identify and act on opportunities or to respond to a crisis—can successfully utilise many of the same tools and approaches to achieve excellent results in a wide range of cases.

This book will equip leaders and their companies to implement a major transformation through five stages that together represent a complete journey (see figure I.2). These five stages form a dynamic approach for planning, designing, managing and delivering a transformation program, and provide a systematic way to overcome many of the common barriers to change. Sometimes leaders choose to improvise and take short cuts, but a disciplined, methodical application of leading practices will dramatically improve the degree of success. *Changing the Game's* strategies are applicable whether the focus of the transformation is enterprise-wide or confined to a single business unit, function or market, and whether a distressed company needs a rapid and effective turnaround or a good company aspires to become a great one.



**Figure I.2:** stages in the transformation journey

A complete transformation journey can be divided into the following five key steps:

- 1 *Take stock.* Assess the company and its operating environment to identify and prioritise key opportunities, ensure operational and

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financial stability, lay foundations by mobilising a top team who have bought into the idea, and build credibility through quick wins.

- 2 *Create the mandate.* Establish a common view of where the company is today, along with the opportunities and challenges faced, in order to build an objective 'base case' and a trajectory based on current performance.
- 3 *Map the journey.* Create a compelling vision for the future and develop high-level aspirations with clear targets that lead to a common direction and shared sense of purpose in order to explore strategic themes and initiatives. Then commit to a plan of action that will lead the company to the newly imagined future.
- 4 *Mobilise.* Create a strong foundation for delivery by preparing the company for change: clearly communicate the company strategy to employees and other stakeholders; remove obstacles and create incentives; keep promoting change; establish a transformation office (TO) to coordinate efforts.
- 5 *Execute and track.* Develop detailed solutions and assign ownership. Ensure resources are available and establish routines to drive and monitor progress (including a review cadence, performance monitoring, and root-cause troubleshooting) to sustain initiative delivery and enable the company to capture the full potential of the transformation.

Driving results at each step along the transformation journey requires leadership, time and persistence. Getting started often requires a considerable upfront investment in people, planning and quick action to secure visible short-term results that will boost momentum. With the right levels of sponsorship and a dedicated team in place, the overall process of planning the transformation can be accomplished relatively quickly. The mobilisation and execution of initiatives that follow the planning can then span months or years, depending on the scale, scope and nature of the changes the company must make to achieve its vision.

Each major step in a transformation and how long it is likely to take is outlined in figure I.3. The sequence, key deliverables and timeframes are

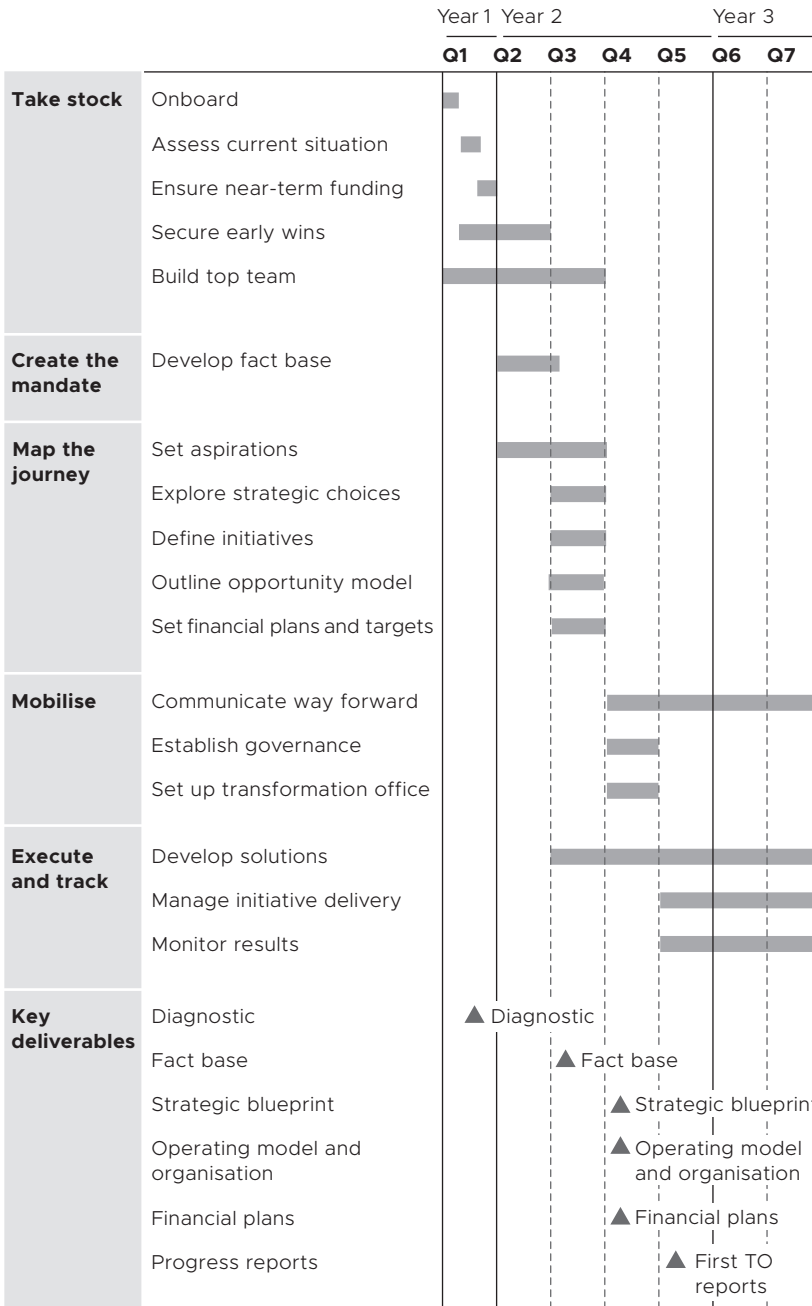


Figure I.3: illustrative transformation high-level phasing – key activities

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illustrative and will vary. It takes longer to transform a company with, for example, vast and complex operations, more complicated organisational politics and longer operating cycles than to transform a smaller, agile company in a fast-paced industry. Whatever the timeframe is, adopting a phased approach and clear milestones not only makes the journey more manageable but provides a clear pathway to success.

The chapters in this book are organised according to the five stages outlined and cover the essential activities at each step. Each chapter provides not just explanations but practical examples that bring the journey to life. Examples are drawn from public sources and interviews with leading global executives. However, because many aspects of specific transformation programs are managed in strict confidence and inside company walls, the authors have supplemented examples with tailored content based on their knowledge and experience so as to provide a comprehensive guide for taking action in your own company.



# THE COMPLETE AND COMPREHENSIVE GUIDE TO BUSINESS TRANSFORMATION

Transformation has become mission critical across all industries. *Changing the Game* presents a holistic approach for managers and executives to reshape, retool, and reimagine their organisations for today.

In this playbook, transformation experts Michael Vullings and Graham Christie reveal a comprehensive and immediately-actionable approach to leading a transformation of a company, function or team, identifying the core areas of focus and pinpointing the actions, decisions and strategies necessary for achieving stellar results. With international case studies, and featuring expertise from leading global executives, learn the five-step process to pilot your business' transformation.

## Discover how to:

- ▲ generate company-wide buy-in from key stakeholders and teams
- ▲ design, manage and deliver a successful company transformation
- ▲ apply thorough strategies for the end-to-end transformation journey
- ▲ harness and apply ready-to-use tools and templates
- ▲ create a dramatic results-focused change in company performance.

Fit for organisations of all types and sizes, *Changing the Game* is filled with practical and invaluable strategies to help your organisation adapt to the digital world, bring a dramatic change in company performance, and empower executives to lead with confidence.


**MICHAEL VULLINGS** is a corporate executive and leader in the field of business transformation, with a track record of achieving breakthrough results, leading change, and transforming organisations.

**GRAHAM CHRISTIE** is an expert on customer-led transformation and has advised numerous corporations on change and transformation strategies, corporate innovation and entrepreneurship.

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