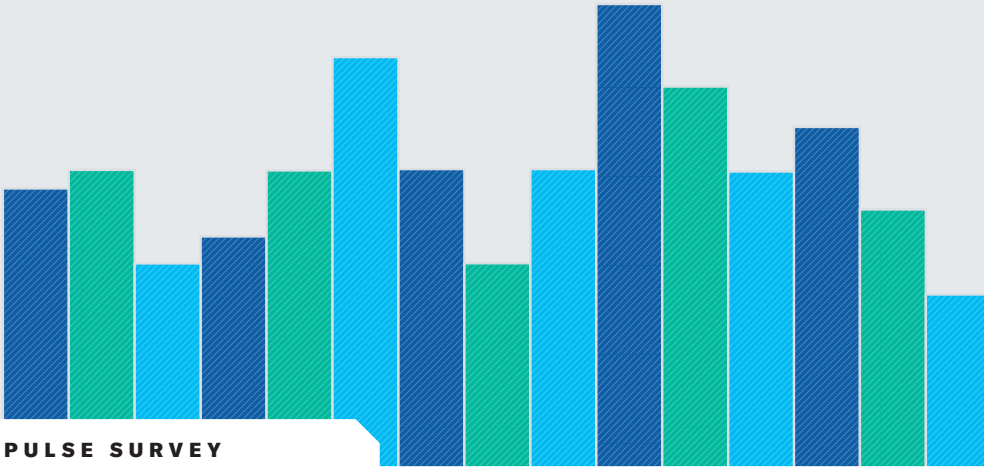




**Harvard  
Business  
Review**

ANALYTIC SERVICES



**PULSE SURVEY**

# Drive Business Success with a Dual-Track Approach to Transformation



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Covid-19 has fundamentally changed how businesses operate today and into the future. Every business now faces the daunting task of adapting their operations to work in a new reality, and doing it all with less—companies have not only been forced to reduce staff and budgets, but the cost of business is also going up.

The need for digital transformation isn't going away, nor is it slowing down. In fact, the pace and scale of transformation now is like nothing we've ever seen before—you need to move even faster and drive operational agility in order to adapt and prepare for any changing environment.

Unfortunately, the traditional, grand-scale transformation strategies companies typically undertake to modernize are resource intensive and often take years to complete—it simply isn't enough. Additionally, focusing on only this type of transformation often leaves gaps, with many needs across the business never addressed.

Instead, we're seeing companies starting to embrace a dual-track approach to transformation, where traditional transformation efforts run in parallel with rapid-cycle innovation within the business that focuses on the areas often overlooked by broader efforts. Rapid-cycle innovation empowers individuals outside of IT to modernize their own workflows and rapidly improve the hundreds of existing operational processes that cross the business, often using a low-code platform to enable this approach.

We've sponsored this research by Harvard Business Review Analytic Services to explore why IT leaders are embracing dual-track transformation, the impacts on their businesses, and how they are implementing rapid-cycle innovation to support this strategy. In the following pages, you'll see data that reflects input from over 400 IT leaders, as well as crucial insight from chief information officers at some of the largest companies in the world.

It's never been more important for organizations to get more out of their technology and people, empowering anyone across an organization to fill in the gaps and build the solutions they need that connect their data and systems.

### ABOUT QUICK BASE

Quick Base is the low-code platform for operational agility. As the first cloud application development platform to support safe, secure, and sustainable citizen development, Quick Base helps more than 6,000 customers, including over 80% of the Fortune 50, continuously perfect the processes that make their businesses unique. Quick Base is a leader in the [Forrester Wave™: Low-Code Platform for Business Developers](#). Visit [QuickBase.com](https://QuickBase.com) to learn more.



Ed Jennings  
CEO  
Quick Base

# Drive Business Success with a Dual-Track Approach to Transformation

Digital transformation has become the watchword—or, some would say, buzzword—in corporate suites for much of the past decade. The drive to leverage digital capabilities comes as operational agility is seen as the answer for innovating new business models and serving rapidly shifting customer demands. The Covid-19 pandemic has only intensified the need for organizations to move quickly to prepare for the next large-scale crisis or seize a new opportunity.

Yet for all the effort put into transformation strategies, few business leaders are celebrating the success of their efforts to seize new market opportunities and become more agile. Less than a quarter (22%) of the 445 global executives participating in a Harvard Business Review Analytic Services survey rate their current digital transformation strategies as being “very effective.”

Nevertheless, some good news may be emerging from these disappointing outcomes—the survey shows that executives have a clear idea about how to increase transformation effectiveness. Ninety-two percent of respondents say success requires an approach that combines innovation at both the enterprise- and critical business-process levels.

This dual-track effort lets organizations expand their current enterprise-wide transformation efforts by addressing remaining gaps in culture and technology. At the same time, organizations follow a parallel track that focuses on areas often overlooked in grand-scale transformation strategies: their business’s ability to rapidly improve the hundreds of essential processes that cross business workflows and workgroups and go a long way toward determining a company’s success. Known as rapid-cycle innovation or innovation at the edge, this second track empowers business professionals outside of IT to propose and create new applications for modernizing existing

## HIGHLIGHTS



92% of executives surveyed say successful digital transformation requires an approach that **combines innovation at both the enterprise- and business-process levels**



80% “strongly agree” that this **dual-track approach** is essential



78% aren't willing to rate their **current digital transformation strategies** as being “very effective”



69% **haven't implemented a** dual-track strategy



Rapid-cycle innovation empowers business professionals outside of IT to propose and create new applications for modernizing existing workflow processes, with the goals of achieving quick wins for the business and supporting long-term transformation.

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Bristol Myers Squibb, a global pharmaceutical company, has such a strategy firmly in place. “In our view, digital transformation should happen at all levels of a company,” says Paul von Autenried, executive vice president and chief information officer.<sup>1</sup> “Disruptive changes that result in completely new ways of operating are a form of digital transformation, but so, too, are incremental improvements to existing operating models.”

While promising, dual-track transformation isn’t risk free. Implementing it successfully requires a framework for enforcing security policies, close collaboration among IT and business staffs, and a plan for managing the cultural challenges that arise when transformation becomes part of everyone’s job description. Fortunately, CIOs with direct experience in this area say these requirements are achievable, and once they’re achievable, dual-track transformation can deliver significant benefits for organizations.

## Transformation Terms

**Dual-track transformation.** An approach that simultaneously addresses enterprise-wide transformation as well as the modernization of processes that flow across business workflows and workgroups.

**Rapid-cycle innovation.** Also known as innovation at the edge, this strategy empowers business professionals outside of IT to propose and create new applications for modernizing existing workflow processes, with the goals of achieving quick wins for the business and supporting long-term transformation efforts.

**Low-code application development platforms.** This category of cloud-based software provides tools that enable business professionals or business-process managers to create their own applications and services with the oversight of IT.

## Understanding Dual-Track Transformation

Organizations have been focusing significant energy and resources on digital transformation for a number of years, and while most executives still aren’t satisfied with their results, they are learning important lessons about how to improve outcomes in the future. The importance and effectiveness of implementing dual-track transformation, instead of just a single, sweeping approach to transformation, is one realization.

The dual-track approach builds on traditional grand-scale transformation strategies that many companies have been adopting to become more innovative and gain a competitive edge. The first track—an enterprise-wide orientation—focuses on identifying and implementing new digital technology throughout an organization, while simultaneously attempting to change cultures and business workflows impacted by digitization. While important, this big-picture approach is complex, time consuming, and doesn’t completely fulfill its goals until many of the associated components are in place. For this reason, benefits may take years to materialize, which helps explain why most executives in the survey are dissatisfied with the transformation results they’re seeing so far.

The second track, which is equally important because it can fill in the gaps left by grand-scale transformation plans, focuses on a comprehensive collection of workflows that run within and across business units. These workflows span two important categories: The first includes any unique processes developed to foster competitive advantage, such as call center resources that enhance customer experience by reducing problem-resolution times. The second addresses critical processes such as accounts payable and receivable, purchasing, materials management, and other areas that represent the lifeblood of enterprises. Over time, these workflows may not have been adequately modernized as new digital tools emerged to automate processes and eliminate manual steps. Because it’s more targeted and delivers incremental improvements, transformation of business workflows can quickly yield business value, or what may be thought of as rapid-cycle innovation. In addition to speed, this approach can also help business units prioritize important changes that otherwise can’t compete for resources against large-scale transformation projects. What’s more, even when companies modernize business-unit activities,

they may neglect to change core workflows. For example, a manufacturer may invest heavily in digital technology, such as in assembly-line robotics, but use inefficient legacy processes to track the maintenance of those machines.

Optimizing business workflows can speed processing times and quickly translate into business benefits, such as enhanced customer service and greater agility for addressing new opportunities and risks. More focused than still-important enterprise-wide transformation, rapid-cycle innovation relies on the people who manage or use individual workflows. Their hands-on, day-to-day involvement with the processes gives them unique insights about which modernizations will yield the best outcomes. It's important to note that rapid-cycle innovation doesn't replace enterprise-wide transformation—each is a necessary component for business modernization.

A dual-track approach can also reduce risks associated with transformation projects. For example, long timeframes stretching multiple years are required to address the many elements of large-scale transformation projects. That increases the chance that an unexpected factor—a poor sales quarter, a new executive team with different priorities, or a pandemic like Covid-19—will derail plans. Also, unlike rapid-cycle transformation, which delivers value relatively quickly, broader projects often require patience on the part of executives before seeing significant returns.

Another risk of pursuing a single, large-scale transformation is that it's often supported by emerging technology—internet of things systems and artificial intelligence, for example. Companies may not initially have the expertise or modernized operating models to fully capitalize on these leading-edge technologies, which delay moving them from small pilots to enterprise-wide implementations. Delays further contribute to the perception that transformation efforts aren't living up to their original promise.

By contrast, risks associated with rapid-cycle transformation are often less acute. The enabling technology, such as coding platforms designed for nontechnical users, can be launched relatively quickly, and upskilling users is less difficult.

As is covered in detail later in this report, rapid-cycle transformation does come with some risks with regard to governance and other areas, but IT organizations are finding effective ways to mitigate these concerns.

## Buy-In for Dual-Track

Survey respondents understand the value of promoting both enterprise-wide transformation and rapid-cycle innovation. In addition to the 92% of executives who say successful transformation requires a dual-track effort, four out of five (80%) respondents from that group strongly agree that this approach is required. And they have clear ideas about why it's so important. More than half (55%) say increased productivity and efficiency hinges on successful

transformation policies. Effective transformation also has a strong impact on enhanced customer satisfaction and the improved quality of products and services. **FIGURE 1**

The results show that executives see the transformative influence of new digital tools as the best way to modernize internal operations and meet customer expectations, which together result in improved business outcomes.

With so much at stake, though, why do less than a quarter of the executives surveyed say their transformation strategies are very effective? The survey reveals a host of problems that undercut modernization goals, including shortfalls in both grand-scale transformation efforts and the optimization of workflows within and across business departments. These two gaps, which rank among the top four roadblocks identified

FIGURE 1

### Transformation Is Tied to Business Success

Executives target enhanced productivity and customer satisfaction

What are the primary goals for your organization's digital transformation efforts?



Source: Harvard Business Review Analytic Services Survey, April 2020



“In the past, many companies were only focusing on digitally transforming a big swath of their organizations, but that’s not enough. Now there are different strategies that also enable business functions at the edges of the business,” says Javier Polit, CIO, Mondelēz International.

by survey respondents, directly speak to the need for dual-track transformation strategies: 39% of the executives say the lack of a cohesive enterprise-wide transformation strategy is a key factor when transformation strategies don’t fully meet their organization’s goals. In addition, nearly a third (32%) name outdated or ineffective business processes as a problem. These findings show shortcomings that must be addressed before an organization fulfills the promise of dual-track strategies. **FIGURE 2**

FIGURE 2

### Why Transformation Flounders

Cultural and strategy gaps undercut success

What are the primary factors at play when digital transformation efforts haven’t fully met your organization’s goals?



Source: Harvard Business Review Analytic Services Survey, April 2020

In addition, 45% of the respondents say a prime transformation challenge is that their organizational culture doesn’t easily adapt to changing business conditions. Cultural roadblocks include the resistance of workers to change when they are asked to alter how they work. This reticence isn’t always a sign of stubbornness—end users may not have received clear messaging from leaders or resources for adjusting to new goals.

“Seeing transformation as a corporate initiative or a series of projects is an outdated view of how change happens,” says Denise Lee Yohn, a consultant who specializes in cultural change and the author of *Fusion: How Integrating Brand and Culture Powers the World’s Greatest Companies*. “Instead, senior leadership needs to think about how to cultivate the kind of culture that will support innovation. That means addressing what’s relevant for specific workgroups and functions to transform successfully. Who better to help with that understanding than frontline workers?”

Soliciting input from this group yields insights about how individual business units can best pivot to meeting shifting customer demands and improve customer experience. But just listening isn’t enough. “Organizations that want to engage frontline employees need to invest in training and upskilling the talent at that level,” Yohn explains. “This workforce also should be empowered to make changes based on their input.”

### An Imperative to Succeed

Large-scale digital transformation can, at times, seem nebulous. Individual organizations may define it differently, depending on variations in their business goals, existing IT operations, the makeup of workforces, and other factors. But there’s nothing murky about the consequences of underperforming transformation strategies.

When efforts don’t live up to expectations, companies experience both tactical and strategic problems that undermine business performance. Nearly half (45%) of the executives name the decreased ability to roll out improvements in productivity and efficiency as one of the top three consequences.

Forty percent consider the decreased ability to quickly modernize or create new business processes another one

of the biggest repercussions. Other consequences range from decreased ability to analyze enterprise data (36%) and slow improvements in product or service quality (35%), to decreased customer satisfaction (34%) and delays in responding to emerging market opportunities (32%).

A more comprehensive approach to transformation, one that focuses on rapid-cycle change and innovation in addition to corporate-wide modernization, can overcome these shortcomings. “In the past, many companies were only focusing on digitally transforming a big swath of their organizations, but that’s not enough,” says Javier Polit, CIO at Mondelēz International, a large consumer packaged goods (CPG) company. “Now there are different strategies that also enable business functions at the edges of the business—the hands-on-keyboard, consumer-facing people such as marketing and brand managers for local and regional markets. They need to be empowered in ways they weren’t in the past. Today it’s more about providing toolsets and capabilities to



Because it’s more targeted and delivers incremental improvements, transformation of business workflows can quickly yield business value, or what may be thought of as rapid-cycle innovation.

those individuals to get quick insights so they can serve their consumers better and continue to differentiate themselves.”

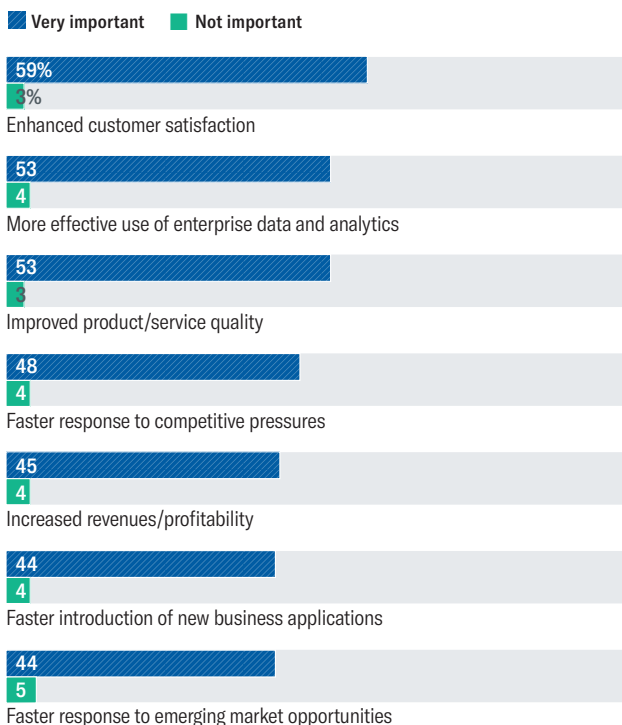
A large number of corporate leaders share Polit’s viewpoint. When asked to rate the contribution of rapid-cycle innovation to their business goals, 59% of the surveyed executives say it can be “very important” for enhancing customer satisfaction. In addition, 53% see it as important for a more effective use of enterprise data and analytics, while the same number point to it being a key factor for improved product and service quality. Forty-eight percent say distributed innovation is important for speeding responses to competitive pressures. **FIGURE 3**

FIGURE 3

### Rapid-Cycle Innovation Offers Promise

Rapid change can fill in gaps in large-scale transformation programs

How would you rate the contribution of rapid-cycle innovation to the following business goals in your organization?



Source: Harvard Business Review Analytic Services Survey, March 2020


### A Foundation for Dual-Track Transformation

Executives clearly understand the promise of rapid-cycle innovation for addressing shortfalls in grand-scale modernization strategies. The next step is to provide businesspeople with a tool for fulfilling that promise, namely low-code application development platforms. Also known as low-code/no-code platforms, this cloud-based software lets business professionals or business-process managers create their own applications and services rather than relying exclusively on the IT staff to do so.

More than half (52%) of the respondents say a primary benefit of low-code platforms for rapid-cycle innovation is that they encourage business professionals and business-process managers to be more involved in innovation and idea generation. **FIGURE 4**

Speed is another factor: 44% of executives surveyed say a top benefit of the platforms is helping organizations deliver business applications more quickly than with traditional development processes. The importance of this benefit may only grow as business leaders consider how the Covid-19 pandemic places a greater premium on agility and the ability to respond faster to wide-scale disruptions.

A primary benefit of low-code platforms is enabling business professionals and process managers to revise



**“Seeing transformation as a corporate initiative or a series of projects is an outdated view of how change happens. Instead, senior leadership needs to think about how to cultivate the kind of culture that will support innovation.”**

**Denise Lee Yohn, author and consultant who specializes in cultural change**



inefficient legacy processes and create new processes to support changing requirements, according to 36% of the respondents. A similar number (34%) see a primary benefit in having applications developed by business professionals who are closely in tune with the specific requirements of the company.

Mondelēz’s Polit has seen these benefits materialize within manufacturing facilities, marketing departments, and other areas of the large CPGs where he’s served as CIO. “Many quick wins came to life very quickly,” he says. “When companies start using these platforms, they create a significant step-change between themselves and their principal competitors.”

For example, low-code capabilities enable local business managers at global organizations to create regional data hubs. Regional managers at Mondelēz have begun launching hubs in multiple regions, and they are using low-code tools to extract information to better understand the local markets. “As the internet of things grows, there are going to be more

and more data attributes being collected at the edges of the business,” Polit says. “We want business managers to quickly aggregate data and get immediate signals from their consumers and then execute in that market. That’s a big win for a business.”

## Dual-Track Challenges

While respondents see the potential advantages of rapid-cycle innovation supported by low-code development tools, they also recognize roadblocks that can hinder their success. Security and compliance gaps rank by far as the biggest concerns about low-code tools—half the executives fear that applications created outside the IT department may not fully meet their security and governance requirements. Nearly a third (31%) identify a related issue: “shadow IT,” or applications that don’t meet corporate security or compliance policies because the programs are created without IT’s full oversight.

Other worries rank as less pressing but are still significant issues. Thirty-eight percent of respondents are concerned that low-code applications won’t be robust enough to meet all their intended business needs. Similarly, 29% say the platforms don’t live up to their promise of making it possible for business professionals to successfully develop viable applications.

Collectively, these concerns may contribute to the relatively low investments organizations have been making in low-code development platforms. Only 14% say their organizations purchased that technology for enterprise or departmental transformation over the past two years. Instead, they focused their investments on cloud applications and IT services (59%), data and application integration tools (44%), collaboration systems (43%), and business process management applications (43%).

These concerns are real but not insurmountable. The key is creating a framework that brings members of the IT staff together with principal members of manufacturing, marketing and sales, research and development, and any other functions that could benefit from low-code platforms. “Every digital technology comes with some risk, so our accountability includes creating environments in which people have access to the tools they need to work safely and productively, including performing analytics and developing dashboards,” says von Autenried at Bristol Myers Squibb. “We encourage them to work closely with their IT partners to develop a strategy and then execute and automate it together as rapidly as possible.”

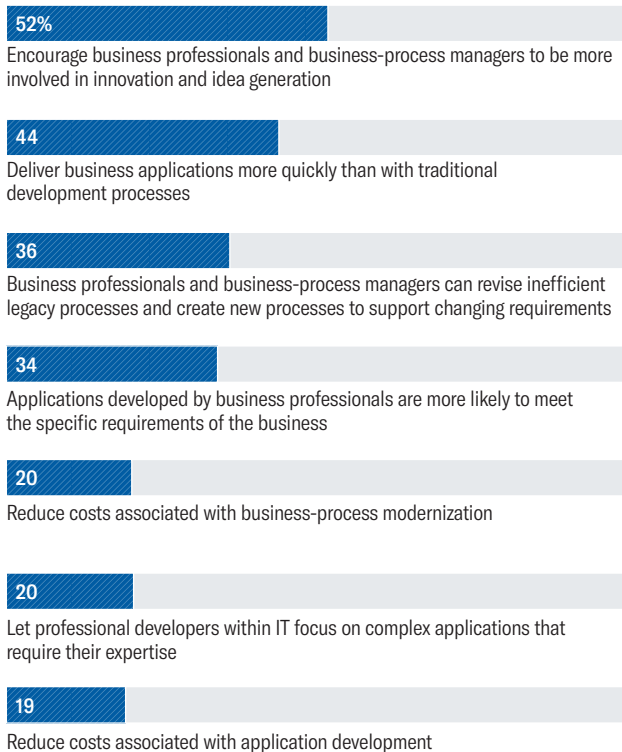
To support these collaborations, von Autenried created an operating model enabling partnerships between IT and businesspeople across workflows. IT professionals ensure that the development process and the resulting digital capabilities adhere to enterprise standards for cybersecurity

FIGURE 4

### How Low-Code Development Supports Innovation

Businesspeople get a valuable tool for impacting transformation

What are or would be the primary benefits of using low-code application development platforms to support distributed innovation?



Source: Harvard Business Review Analytic Services Survey, April 2020



By a wide margin, business leaders say it is necessary to expand existing grand-scale, enterprise-wide transformation programs with a dual-track strategy that also modernizes processes running in business units.

and compliance with regulations that differ across countries and regions. “We’ve created a set of policies and practices that govern what we believe to be safe and effective ways to advance digital innovation,” von Autenried explains. “We educate the workforce to make sure everyone, inside and outside of IT, knows that they have a responsibility to use technology and manage the company’s information appropriately. We enlist everyone’s help in this process.”

But IT’s role in these partnerships goes beyond designing and developing digital capabilities that automate existing processes. IT professionals also brainstorm ideas for new possibilities. “IT partners very closely with these other groups to help imagine new ways of working,” von Autenried explains. “These collaborations are intended to identify more disruptive forms of digital innovation that enable new ways of accomplishing our mission to discover, develop, and deliver innovative medicines that help patients prevail over serious diseases.”

Low-code veteran Polit is also creating a governance framework designed to ensure that businesspeople versed in low-code tools use them effectively. “The governance is around the data that they want to ingress into the enterprise. You can’t bring just any data into the environment,” he explains. “You have to make sure that it’s coming from a secure source, which is becoming more important than ever since we expect to be ingressing more data at the edges of the business around the world as we start to get more and more data from our consumers.”

Polit downplays the difficulty of rapid-cycle governance. “As a CIO you work with the business and define a secure framework. I can help control all those things, so I’m not worried about the security of low-code applications,” he says.

## The Speed to Succeed

A large percentage of companies throughout the world continue to give low marks to their digital transformation efforts. But a realization is emerging among executives that may help boost success rates in the future. By a wide margin, business leaders say it is necessary to expand existing grand-scale, enterprise-wide transformation programs with a dual-track strategy that also modernizes processes running in business units.

With enterprise transformation representing the first track, the second track focuses on process-oriented innovation to give new power and resources to people outside of IT. That enables them to propose and create applications that update processes that better address market challenges and opportunities. Yet executives also voice concerns about this strategy, including fears that applications created outside of IT won’t adequately meet corporate security and compliance standards.

CIOs steeped in rapid-cycle innovation say these concerns can be overcome with a plan that includes a formal governance framework for ensuring compliance with corporate policies. Also important are programs that forge closer collaboration among IT and business staffs and new tools like low-code development platforms that support safe rapid-cycle innovation. Finally, to manage the cultural change associated with new ways of working, consultants advise empowering frontline workers through skill development and communications channels that let them share their unique business insights with decision makers.

In the end, organizations may have little choice but to move to dual-track transformation and rapid-cycle innovation. “Technology is in every corner of a business today, and there aren’t enough IT resources in any enterprise to fully support every aspect of a company,” says Polit. “If we don’t enable business functions at the edges of the company to transform, enterprises are not going to have the speed and agility they need to succeed.”

### Endnotes

- 1 Paul von Autenried and Javier Polit serve on the board of directors for Quick Base, which is a sponsor of the survey referenced in this article.

## METHODOLOGY AND PARTICIPANT PROFILE

A total of 445 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

### Size of Organization

**20%**  
10,000 or more  
employees

**25%**  
1,000–9,999  
employees

**31%**  
100–999  
employees

**24%**  
Fewer than 100  
employees

### Seniority

**36%**  
Executive  
management/  
board members

**35%**  
Senior  
management

**23%**  
Middle  
management

**6%**  
Other grades

### Key Industry Sectors

**11%**  
Technology

**10%**  
Manufacturing

**10%**  
Business/  
professional  
services

**9%**  
Financial  
services

**9%**  
Consulting  
services

**9%**  
Government/  
not-for-profit

All other sectors less  
than 8% each

### Job Function

**31%**  
General/  
executive  
management

**9%**  
Consulting

**8%**  
Sales/business  
development

All other functions  
less than 8% each

### Regions

**35%**  
North America

**25%**  
Europe

**21%**  
Asia Pacific

**8%**  
Middle East/Africa

**10%**  
Latin America

**1%**  
Other

Figures may not add up to 100% due to rounding.



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