

# Hybrid Transformation Model: A Customized Framework for the Digital-First World

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## Abstract

As the digital world evolves in its landscape from ERP systems to AI-powered decision-making models, managing transformational efforts in organizational change has become more important. Traditional transformation models, such as Kotter's Change Model and McKinsey's 7-S Framework, offer a solid foundation for organizational change. However, they lack the robustness required for digital-first transformation. This paper offers a comprehensive hybrid transformation model that addresses the limitations of traditional models and the fast-changing, continuous, and technology-driven transformation. It builds on the strengths of Kotter's change model and McKinsey's 7S framework while addressing the pillars of the new digital world. The model aims to provide a roadmap and an approach for understanding the Hybrid Transformation Model to navigate the complexities of digital transformation.

**Keywords:** organizational transformation, Transformation, Digital Transformation, Digital-First World, Kotter's Change Model, McKinsey's 7-S Framework, Digital Agility, Data-Driven Decision-Making, Continuous Learning, Innovation, Stakeholder Engagement, Strategic alignment, digital strategy, technology strategy, iterative change.

## 1. INTRODUCTION

Transformation is an important strategy for organizations to remain competitive and achieve higher productivity in ever-changing market conditions. Traditional change models such as Kotter's Change Model and McKinsey's 7S Framework have proven effective for guiding organizations through the transition. However, in the recent decade, the rapid evolution of the digital world and organizations focusing on the digital-first mindset has pushed these traditional models and frameworks to their limits. However, these traditional models do not fully address the complexities offered by these new digital technologies. This digital transformation initiative requires transformation models that are adaptable, responsive, and capable of integrating with new technologies. This paper is intended to propose a Hybrid Transformation Model that uses Kotter's and McKinsey's frameworks while incorporating digital transformation principles such as agility, data-driven decision-making, and continuous learning. This paper proposes a Hybrid Transformation Model by using Kotter's and McKinsey's frameworks as a base, while incorporating digital transformation principles such as agility, data-driven decision-making, and continuous learning. The goal is to offer a roadmap for organizations that want to successfully navigate the complexities of digital transformation while building on proven change-management frameworks.

## 2. LITERATURE REVIEW

Several transformation frameworks and models have been developed over the last decade, with each atte-

tempting to address the different challenges of transformation. To build an effective and useful transformation model for the current digital-first world, it is essential to examine existing frameworks and consider their strengths and limitations. This provides insights and helps frame a successful framework.

**A. Existing Models and Their Limitations**

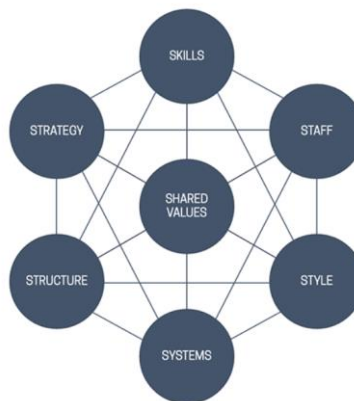
**Kotter's Change Model:** Kotter's Change Model is an eight-step process for leading a change. It emphasizes the need to create urgency, form coalitions, and anchor changes in corporate culture. This model provides a clear and actionable sequence plan for leaders to execute their transformation strategy; however, it is primarily a top-down approach and lacks a decentralized approach for digital organizations [1]. Its step-based approach lacks the flexibility to adapt to constantly changing environments.



(Source: Adapted from Kotter 1996)

**Figure 1: Kotter's Change Model**

**McKinsey's 7-S Framework:** McKinsey's 7-S Framework is known for its seven-key elements approach, where 7S stands for strategy, structure, systems, shared values, style, staff, and skills, which need to be aligned for successful transformation [2], providing a valuable holistic view. This framework does not address the fast-paced, iterative, and technology-driven nature of digital transformation. Additionally, it lacks guidance on how to manage technology adoption and integration in a manner that aligns with the other six elements.



The McKinsey 7-S Framework

**Figure 2: McKinsey's 7-S Framework**

**Lewin's Change Management Model:** This model is a three-stage model that involves unfreezing, changing, and refreezing organizational behavior [3]. This model is simple and uses the linear approach of breaking down the current processes before implementing new ones. However, it lacks the ability to adapt to the new continuous, fast-paced, nonlinear, and iterative changes that digital transformations require. [4]

**ADKAR Model:** This model focuses on the people side of transformation by emphasizing Awareness, Desire, Knowledge, Ability, and Reinforcement. This model ensures employees' buy-in during the organization's transformation journey. However, this model focuses solely on individuals and lacks focus

on systems, processes, and holistic strategic considerations for large-scale digital transformation. [5][6]  
**Burke-Litwin Change Model:** This model is more of a tool for analyzing organizational readiness for change, considering and comparing it with external environmental forces. This model lacks the steps for managing the change itself, making it less practical for dynamic digital transformation, which requires continuous action and adjustment [7]

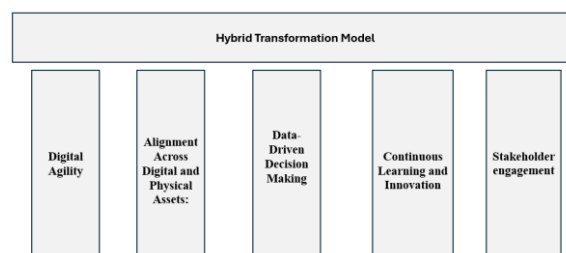
**Agile Change Management Framework:** Agile frameworks can be flexible, have rapid iterations, and provide stakeholder feedback. Agile change management is highly suited to fast-moving environments, where change is constant and the results are delivered incrementally. Agile principles are critical for digital transformation; however, they lack the strategic alignment and organizational structure needed for holistic transformation across the entire organization [8].

Other models, such as the Bridges Transition Model, focus on the psychological impact on individuals in an organization. However, careful consideration is necessary to define a framework suitable for the current fast-changing digital world with advancements in artificial intelligence (AI) and machine learning (ML).

### 3. HYBRID TRANSFORMATION MODEL

#### B. Need for a Hybrid Transformation Model

The Hybrid Transformation model is based on the traditional Kotter and McKinsey 7S models, while considering the challenges and opportunities offered by the new digital first world. Kotter's model talks about creating a sense of urgency and vision, focusing on the leadership to execute an actionable plan while ignoring the holistic view. McKinsey's 7S concentrates on collaboration and a holistic view, but lacks the ability to manage the fast-paced adoption and integration of technology that aligns with other elements of the organization. With evolving transformations, a customized change model for managing digital transformation is crucial. These five pillars formed the core of the hybrid transformation model design.



**Figure 3: Pillar of Hybrid Transformation Model**

**Digital Agility:** Agility in digital work is not optional; it is a necessity. This ensures that the organization is prepared for continuous change, rather than a single transformational initiative. Traditional change models base their transformation efforts on the assumption that change happens in discrete phases. However, in the current business world, technology is continuously changing, which requires organizations to develop the ability to adjust their strategies repeatedly while managing workflows and technologies in response to external changes [9].

**Data-Driven Decision Making:** Leaders can focus on making data-based decisions, ensuring real-time information, and leading to more targeted and effective risk management. Traditional transformation models emphasize leadership and cultural change and most often overlook the role of data. In transformations that are more focused on digital movements within the organization, data form an important asset for making informed decisions. The Hybrid Transformation Model integrates data analytics at every stage of the transformational process, from identifying the need for change to measuring

post-implementation outcomes [10].

**Alignment Across Digital and Physical Assets:** Bridging the gap between digital and physical assets is key to organizational success. The Hybrid Transformation Model includes explicit strategies for aligning digital initiatives with physical operations. This alignment is crucial for industries in which digital transformation must coexist with traditional manufacturing or service models, such as automotive or industrial manufacturing [11]. McKinsey's 7S model emphasizes the need for alignment.

**Continuous Learning and Innovation:** Every organization in any business sector needs innovation, an entrepreneurial mindset, and continuous learning to achieve long-term success. The Hybrid Transformation Model focused on embedding the need to build this culture into the organization's DNA and emphasizing its importance in the digital age. This pillar focuses on implementing processes and systems for continuous skill development, fostering a culture of entrepreneurship and innovation, and encouraging cross-functional collaboration [12].

**Stakeholder engagement:** Stakeholder engagement and buy-in are crucial for every transformational effort. Most traditional models, including Kotter's and McKinsey's 7S models, recognize the importance of stakeholder needs and how they influence transformation. The hybrid transformation model considers this to be the main pillar on which digital transformation can be successful. Digital transformation must consider all the probable stakeholders, including customers, external partners, and even regulators. It is essential to incorporate a broader range of perspectives into the change process [13].

### C. Step-by-Step Framework

#### Step 1: Create strategic urgency

The Hybrid Transformation Model focuses on creating strategic urgency. Kotter's model focuses on creating a sense of urgency based on the transformational needs. However, the Hybrid Transformational Model focuses on strategic needs and emphasizes connecting urgency with an organization's vision and priorities.

#### Step 2: Build a capability with Leadership Alignment

Creating a capability is a team of cross-functional leaders who serve as guides for transformational efforts. Ensure leadership alignment and that the team reports independently to the C-suit, without intervention. This ensures that the capability not only supports a particular transformational effort, but also continuously supports the organization for continuous transformation.

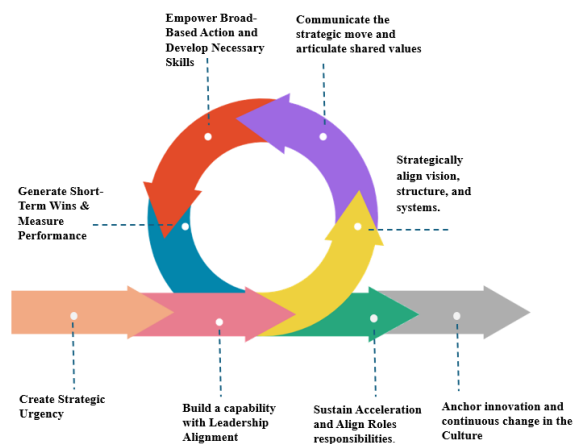


Figure 4: Hybrid Transformation Model example

#### Step 3: Strategically align vision, structure, and systems.

Develop a clear vision of the capability to support digital transformation and ensure that the organizational

structure and systems are aligned to support the transformation. The vision developed can be adaptable, continuously evolve, and change with business needs.

**Step 4: Communicate the strategic move and articulate shared values.**

Communicate strategic urgency in the vision to all employees and articulate strategic urgency to connect with day-to-day activities and how they impact the organization. It is also necessary to ensure that other capability leaders in the organization understand the shared value created by digital transformation.

**Step 5: Empower Broad-Based Action and Develop Necessary Skills**

Empower employees to be part of their journey while designing strategic execution plans. Often, creating a team with cross-functional members helps other capabilities to develop the skills needed to sustain the transformation. As digital transformation changes the way an organization functions in the new AI world, the need for a skilled workforce grows, and upskilling the employees is key to competing in talent competition. This team is responsible for executing strategic plans and identifying early adoption to support transformation within the organization.

**Step 6: Generate Short-Term Wins and Measure Performance**

Organizations often have a better business case for why they need transformational initiatives and fail to prove the value created post-implementation. This is mainly because of the failure to establish the performance-measuring parameters. The Hybrid Transformation Model focuses on failing fast to learn and continuously improve. Additionally, this helps to set the parameters to measure the holistic impact. Communicate and establish a process to transparently track and report these parameters. Tracking short-term success and connecting them to long-term strategies or vision and execution plans can motivate the organization and help leaders make data-driven decisions.

**Step 7: Sustain Acceleration and Align Roles and Responsibilities.**

While the action plan has been executed, it is necessary to maintain momentum by evaluating and launching new initiatives. Ensuring that the right people are in the right roles and empowering them with the right decision rights helps sustain the transformation. Often, handing over transformation efforts to capabilities with higher responsibility and value output could help sustain transformational acceleration.

**Step 8: Anchor innovation and continuous change in the Culture**

One crucial step and actionable for organizational leaders is organizational culture. Organizational culture is a key factor in fostering continuous innovation and change. Transformation leaders can shape belief systems and strategic boundaries so that employees can create a culture that values creativity and collaboration. This can be achieved through team meetings, workshops, and training sessions that emphasize the importance of continuous change and innovation and how it is connected to the company's vision.

#### 4. CONCLUSION

Traditional models, such as Kotter's change model and McKinsey's 7S model, have the potential to guide organizations through transformation. However, they lack the ability to guide organizations through rapid change and continuously evolving digital transformation, which requires a combination of both actionable and holistic strategic views. The Hybrid Transformation Model integrates the strengths of Kotter's Change Model and McKinsey's 7S model, and is customized for the complexities of digital transformation. The proposed model provides a structured approach for change and flexibility in adapting to continuous innovation. This Hybrid Transformation Model offers a comprehensive solution for managing complex technological transformations such as artificial intelligence, machine learning, and data transformations,

involving all three transformation factors. The proposed model combines actionable steps with a holistic strategic view of the organization, scalable transformation across industries, and diverse capabilities. The application of this model could help organizations achieve the expected strategic outcomes by creating high economic value.

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