When Safe Decisions Create Risk

The Hidden Economics of Enterprise Transformation

AUTHOR
Danny Rappaport
Director of Consulting

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Introduction: The Comfort of Defensible Decisions

According to Gartner's 2025 CIO and Technology Executive Survey[1], **only 48% of digital initiatives** meet or exceed their intended business outcome targets. This means that roughly **52% of IT transformations fail** to fully achieve their original objectives or financial goals.

It is no wonder that an entire industry has emerged around analysing, auditing and validating transformation decisions.

Enterprise technology has long had a saying: "Nobody ever got fired for buying IBM." The phrase endures because it captures a fundamental truth about how organisations make decisions under uncertainty.

Large transformation programmes are rarely assessed on technical merit alone. They are shaped by governance, organisational politics, budget scrutiny, institutional memory and personal accountability. As programmes become larger, more interconnected and more business-critical, organisations naturally gravitate towards decisions that appear institutionally safe: established vendors, recognised consultancies and transformation approaches supported by market consensus.

For a CIO or CTO, selecting a globally recognised consultancy, enterprise platform or incumbent vendor creates institutional protection. Even if the programme struggles, the decision itself remains explainable because it was supported by recognised vendors, established advisors and accepted market practice.

Viewed in hindsight, such decisions can appear questionable. Yet they are often entirely rational when considered against the information, constraints and pressures that existed at the time. What receives far less attention is the effect this has on transformation itself.

THE UNSPOKEN DYNAMIC

Many transformation decisions are socially validated before they are strategically challenged. To an independent advisor, it can sometimes feel as though the decision has effectively been made before the engagement begins, and the role of the consultant is to legitimise rather than test the direction of travel. Independence has little value if it is not allowed to challenge assumptions.

This does not mean conventional choices are wrong. Large consultancies are often the right choice. Enterprise platforms can be the correct strategic fit, and full-scale replacement programmes are sometimes necessary.

The problem arises when organisations lose the ability to distinguish between decisions that genuinely reduce risk and decisions that simply distribute accountability more comfortably. That distinction sits at the heart of many modern transformation failures.

The Hidden Shift: From ROI to Cost-Risk

For many years, enterprise transformation was framed primarily as a value-creation exercise. Investment cases focused on efficiency gains, productivity improvements, margin enhancement and future growth opportunities. Boards approved programmes based on the value they were expected to create.

Increasingly, however, a different question is shaping transformation decisions. Rather than asking what value a programme might unlock, organisations are often more concerned with the consequences of failure.

This shift reflects the growing scale and complexity of modern transformation. The consequences of getting it wrong can extend far beyond budget overruns, affecting operational continuity, customer experience, organisational stability and, in some cases, leadership careers. At the same time, industry research continues to show that large-scale transformation programmes frequently struggle to deliver their intended commercial and operational outcomes.

Before

"What value could this create?"

Now

"What happens if we get this wrong?"

Under those conditions, organisations naturally become more risk-conscious. Larger programmes can feel safer than smaller ones. Additional governance provides reassurance. More advisors bring greater confidence that decisions have been tested and validated. Yet in seeking to reduce risk, organisations often introduce additional layers of complexity that make successful delivery harder.

THE CENTRAL CONTRADICTION

The structures designed to reduce uncertainty can, over time, become sources of friction themselves. Organisations can end up increasing complexity in the process of trying to reduce risk.

Research conducted by PMC and Retail Economics[2] reflects this pattern. Surveying 100 senior retail and Direct-to-Consumer decision-makers, the study found that the organisations furthest advanced in their transformation journeys were not necessarily those running the largest programmes. Instead, they were more likely to have focused on integrating core systems, improving operational visibility and adopting modular architectures. Their progress was driven less by programme scale and more by clarity of purpose, disciplined execution and a willingness to simplify complexity where possible.

The implication is straightforward. Transformation success is often determined not by the size of the programme or the number of stakeholders involved, but by an organisation's ability to remain focused on the underlying business problem it is trying to solve.

Why Defensible Decisions Often Create Greater Risk

Inside many organisations, complexity has become associated with seriousness.

Detailed programme structures, multiple advisory layers, major implementation partners and extensive governance frameworks all create an impression of rigour. And often, some of that complexity is necessary. Large-scale transformation is difficult, and oversight matters.

But complexity also serves another purpose: it distributes responsibility.

A large programme with multiple recognised parties creates institutional cover. Decisions become collectively owned. Accountability becomes diffused across governance forums, advisors, architecture groups and implementation structures. The result is not necessarily better decisions, but decisions that are easier to explain and defend.

This is where organisations can begin to drift from effectiveness towards explainability. A simpler, cheaper or less conventional route may offer a stronger strategic outcome, but it can be institutionally harder to support because fewer people are standing behind it.

For CIOs and CTOs, that tension is entirely rational. Enterprise transformations often take years to execute and even longer to realise their full value, while leadership tenures are typically much shorter. Many technology leaders will only oversee a handful of truly enterprise-wide transformations during their careers.

Under those conditions, institutional safety becomes a powerful force. If the consequences of failure are career-defining, choosing the option most visibly supported by market consensus is understandable, even when it is not necessarily optimal.

> *“Nobody ever got fired for buying the market leader. The challenge is that market leaders are not always the right answer, and consensus is not the same thing as evidence.”*

As organisations increasingly seek decisions that are defensible, it follows that they will also seek advisors who help make those decisions easier to defend. That is where the question of independence becomes critical.

The CIO Tick-Box Problem

One of the more uncomfortable realities inside enterprise transformation is that some programmes are never truly seeking challenge. They are seeking confirmation.

By the time external advisors are engaged, an internal preference may already exist. The board wants reassurance, the executive team wants consensus, and the programme sponsor wants validation.

In those circumstances, the role of the advisor can gradually shift from independent challenger to institutional validator.

This creates what might be called the CIO tick-box problem. The advisor is not really there to challenge the direction. The advisor is there to make the direction defensible.

This does not usually happen deliberately. It emerges from the pressures surrounding large transformation programmes, where the consequences of failure are significant and the demand for certainty is high. The difficulty is that organisations can begin to mistake external validation for strategic certainty, even though the two are not the same thing.

> *“The market often rewards decisions that are easiest to justify internally, not necessarily decisions most likely to create long-term operational advantage.”*

That observation helps explain why many organisations continue selecting highly conventional transformation paths even when those paths carry substantial cost, disruption and delivery risk. The institutional logic feels safer, even when the operational logic does not.

The Consulting Incentive Problem

This creates a second challenge. Transformation advisors themselves are rarely neutral participants in this equation. Most major consulting ecosystems operate through deeply interconnected commercial structures, including:

- Strategic partnerships
- Implementation alliances
- Platform accreditations
- Managed services models
- Technology delivery practices
- Offshore engineering structures
- Ongoing transformation support revenue

None of this is inherently unethical — in many situations, these ecosystems deliver enormous value. But they do create incentives, and incentives shape recommendations. The result is that many organisations struggle to distinguish between advice designed to identify the best strategic path, and advice designed to support a commercially aligned transformation route.

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This becomes particularly dangerous when the recommendation itself creates dependency.

> *"Independence is easiest to claim and hardest to demonstrate. The clearest test is whether an advisor has ever recommended less."*

This distinction matters, because genuinely independent advice sometimes leads to recommendations that reduce programme scale, avoid unnecessary replacement or eliminate future consulting revenue altogether. The uncomfortable question is not whether advisors claim independence, but how many are willing to discuss openly what independence actually means in practice, and where its limits begin.

Case Studies

The following cases illustrate what happens when organisations resist institutional pressure and create the conditions for genuinely independent thinking.

CASE STUDY 01

The Anatomy of an Unconventional Decision

CHALLENGE

A mid-sized enterprise organisation's ERP estate had reached end-of-life after decades of acquisitions. Early external discussions converged quickly on a familiar conclusion: replace the platform. But the leadership team sensed the organisation did not yet properly understand its own problem — the business had grown into a fragmented operating structure with duplicated records, inconsistent visibility and decentralised processes. The issue was no longer technology alone; it was organisational coherence.

OUTCOME

Rather than launching procurement, the programme began by admitting uncertainty. The board was told: "We do not yet know enough to responsibly tell you what the right answer is." The organisation first reassessed its operating model, future strategy and long-term economics. The transformation became business-led rather than vendor-led — identifying several million pounds of avoidable working-capital exposure and reframing a technology decision as an operational economics decision entirely.

Case Studies

CASE STUDY 02

Ann Summers — The Economics of Integration Risk

CHALLENGE

More than one hundred interconnected integrations had accumulated over time. Individually manageable; collectively they had become increasingly difficult to govern, maintain and scale. Each additional integration increased dependency risk, slowed delivery and made costs harder to manage. None of the organisation's existing suppliers had flagged the problem — none had the incentive to do so. The challenge was not simply technical debt; it was operational fragility.

OUTCOME

Rather than adding further layers, the programme focused on rationalising integration architecture and moving toward a more modular operating structure. The discussion centred on proportionality: at what point does integration complexity begin to undermine agility, and at what point does maintaining the existing model become riskier than simplifying it? The result was a simpler, more maintainable solution that cut TCO by 50% and restored operational agility — demonstrating that accumulated complexity had quietly become a strategic risk in its own right.

CASE STUDY 03

The Bespoke Platform Dilemma

CHALLENGE

A multi-channel retailer's internally developed platform had become deeply embedded over many years. Four separate advisory voices recommended replacing it with a major enterprise ERP — conventional market logic strongly favoured replacement. The retailer faced significant institutional pressure to follow consensus, and the board initially hesitated: not because the economics were unclear, but because unconventional recommendations are psychologically harder to back.

OUTCOME

Closer examination showed the retailer already possessed deep operational knowledge, embedded process expertise and a viable route to modernise without full replacement. After modelling total cost of ownership, transition risk and operational continuity, the recommendation diverged sharply from market consensus: rebuild strategically around existing strengths. The recommendation created no downstream implementation opportunity for the advising firm — which is precisely why it mattered. The rebuild route appeared materially lower risk and significantly lower cost than full replacement.

What True Independence Actually Looks Like

Independence in transformation is often discussed as though it were simply a matter of objectivity. In practice, it is usually a question of incentives, transparency and trust.

Many advisory models are commercially tied to implementation revenue, preferred platforms or downstream delivery programmes. That does not automatically invalidate their recommendations. Large consultancies and enterprise vendors are often the right choice for highly complex organisations.

But genuine independence becomes visible when an advisor is willing to recommend a course of action that creates less revenue for themselves because it represents a better outcome for the client.

The reality is that independence is frequently claimed in consulting, but far less frequently demonstrated. In practice, genuinely independent advice can lead to recommendations that reduce programme scope, delay procurement, preserve existing investments or challenge assumptions that have already become accepted internally.

Perhaps the clearest test of independence is an advisor's willingness to acknowledge uncertainty. Large transformation programmes create pressure for certainty, and organisations often expect advisors to arrive with answers. Yet many transformation failures begin when confidence outpaces evidence.

THE MOST STRATEGICALLY RESPONSIBLE ANSWER

In those situations, the most responsible recommendation is sometimes the least satisfying one: "We do not yet know enough." Commercially, that can feel like a weak answer. Strategically, it is often the stronger one. Creating space for evidence before committing to a solution may be one of the most valuable forms of independence an organisation can receive.

Conclusion: The New Strategic Capability

Enterprise transformation has become as much an institutional and human challenge as a technological one. The difficulty is no longer simply choosing platforms, vendors or architectures, but creating the conditions in which organisations can make clear decisions under pressure, uncertainty and personal risk.

The organisations that navigate this well are rarely the ones pursuing change for its own sake. More often, they are the organisations capable of creating enough strategic clarity to challenge assumptions early, confront uncomfortable recommendations honestly and separate genuine risk reduction from decisions that merely feel safer in the moment.

Achieving that requires more than process, governance or technology. It requires external scrutiny, long-term shared responsibility and, above all, trust. Creating the environment for such decisions is ultimately the responsibility of the client; demanding that level of independence is the responsibility of the consultant.

As transformation programmes become larger, more interconnected and more consequential, that capability is likely to become increasingly valuable. Not because bold decisions are always right, but because the cost of pursuing the wrong 'safe' decision has become far greater than many organisations are prepared to admit.

> *"The next generation of transformation leaders may not be distinguished by the platforms they select or the programmes they sponsor. They may be distinguished by something far simpler: their willingness to ask whether the decision everyone agrees with is actually the right one."*

ABOUT THIS PAPER

This paper draws on transformation experience across retail, commerce and enterprise technology programmes spanning advisory, architecture, systems integration and operational delivery. It also reflects broader market observations around how organisations make transformation decisions under conditions of increasing complexity, operational dependency and institutional risk. Any findings referenced remain the intellectual property of their respective organisations and are cited solely for commentary and analysis purposes.

AUTHOR

Danny Rappaport, Director of Consulting

Danny leads PMC's technology consulting practice, helping clients turn complex IT and business challenges into practical strategies. He takes a hands-on, straightforward approach, working closely with client teams to build solutions that improve efficiency and stand up in the real world.

ABOUT PMC

PMC is an independent technology consultancy specialising in retail and commerce transformation. For more than 25 years, PMC has worked with retailers and brands to navigate complex technology estates, modernise legacy environments and reduce the operational complexity that can constrain growth and change. Its independence is central to its approach. Without commercial ties to particular software vendors or implementation models, PMC provides technology-agnostic advice focused on identifying the solution that best supports each organisation's long-term commercial objectives. Today, PMC is trusted by more than 120 global brands to help shape, deliver and evolve resilient commerce platforms.

REFERENCES

1. *Gartner, 2025 CIO and Technology Executive Survey, published October 2024.*
2. *PMC & Retail Economics, The Race to Unified Commerce, 2025.*