

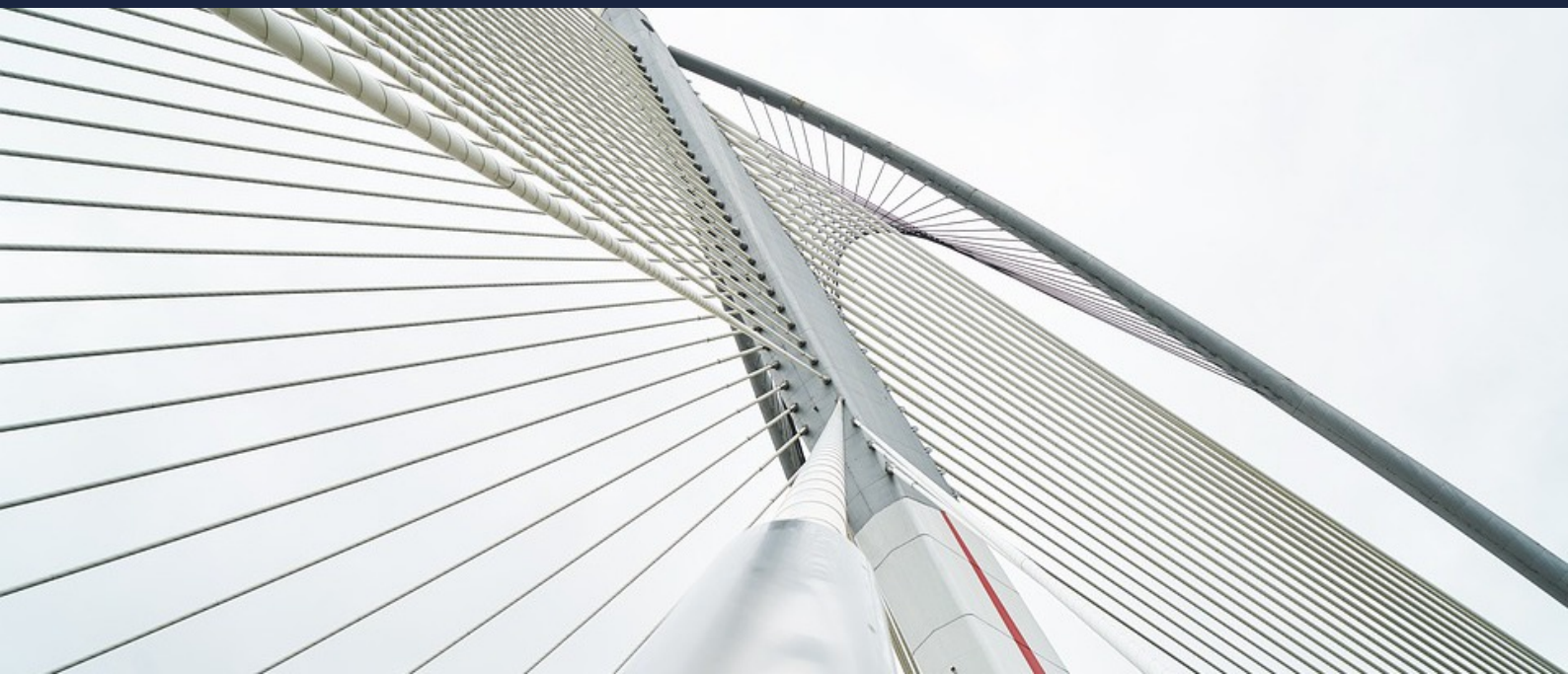
BEYOND THE CONTRACTOR

The Capability Gap Nobody Budgets For — Why Change Fails at the Human Layer

A Practitioner's Perspective on Capability Investment in Organisational Transformation

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March 2023



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Leadership · No. 81

Originally written March 2023 | Re-edited and re-rendered for the WhereBeyond Edition, 2025

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1. The Investment That Never Makes the Business Case

There is a pattern I have observed so often across transformation programmes that it has come to feel less like a recurring mistake and less like an oversight, and more like a structural feature of how organisations approach change. The pattern is this: programmes budget meticulously for technology, for external consultants, for contractors, for licences and infrastructure and migration tools — and then allocate virtually nothing for building the internal capability to sustain what the programme delivers.

The consequences are predictable and well-documented by now. The programme closes, the contractors leave, and the organisation discovers that it lacks the skills, the knowledge, and the confidence to operate in the new world the programme has created. What follows is regression — sometimes gradual, sometimes startlingly fast — back towards the old ways of working. And then, after a decent interval, another programme is commissioned to address the same problem, staffed by many of the same contractors, justified by many of the same business cases.

This is not a technology problem. It is not a governance problem. It is a leadership problem, and it is one that persists because the economics of transformation are structured to make it invisible.

2. Why Capability Is Consistently Under-Invested

The reasons are not mysterious, but they are deeply embedded in how programmes are funded and governed.

First, capability building is difficult to quantify in a business case. A new platform has a cost. A data migration has a cost. Training — real training, not a two-day awareness course but the sustained investment in building genuine competence — is harder to price, harder to schedule, and harder to demonstrate a return on within the programme's reporting cycle. It is the kind of investment whose benefits are diffuse, long-term, and

attributable only in retrospect. In a governance environment that rewards precision and penalises ambiguity, capability investment loses every time.

Second, the people who write programme business cases are rarely the people who will live with the consequences. The programme team — often dominated by external delivery partners — is incentivised to deliver the defined scope on time and on budget. Capability transfer is frequently listed as a workstream, but it is almost never the workstream that receives serious attention, serious funding, or serious leadership. It is the thing that happens in the final quarter, compressed into knowledge transfer sessions that amount to documentation handovers disguised as training.

Third, there is a more uncomfortable truth: sustained capability investment threatens the commercial model that funds much of the transformation industry. If organisations genuinely built the internal capability to manage their own change, the demand for large-scale external delivery would diminish. This is not a conspiracy — it is simply the logic of incentives. The people best placed to advocate for capability investment are often the people whose revenue depends on the organisation not having it.

3. The Dependency Cycle

The result is what I have come to think of as the dependency cycle. An organisation recognises it needs to change. It lacks the internal capability to drive that change, so it brings in external support. The external support delivers the change — or at least delivers the programme — but does not build the capability for the organisation to sustain it. The programme closes. The organisation regresses. The need for change reasserts itself. The cycle begins again.

This is not a failing of any single programme or any single consultancy. It is a systemic pattern, and it is sustained by the intersection of three forces: funding models that reward tangible deliverables over intangible capability; governance structures that measure programme success at the point of closure rather than the point of embedding; and a consulting market that profits from repeat engagement.

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What makes this particularly frustrating is that it is not a new observation. Practitioners have been making this argument for years. The capability gap appears in post-implementation reviews, in lessons-learned registers, in the rueful reflections of programme directors who knew, even as they signed off the plan, that the training budget was inadequate. And yet the pattern persists, because the forces that sustain it are stronger than the forces that oppose it.

4. What Would Need to Change

Addressing this does not require a revolution in programme methodology. It requires a shift in how leaders think about what a transformation programme is actually for.

The shift is from thinking of the programme as a vehicle for delivering change to thinking of it as a vehicle for building the organisation's capacity to change. These are not the same thing. The first treats the programme as an intervention — something done to the organisation by a temporary team. The second treats it as an investment — something that leaves the organisation stronger, more capable, and less dependent than it was before.

In practice, this means several things:

- Capability investment must be a first-order budget line, not a residual. It should be costed, governed, and reported on with the same rigour as technology delivery. If the business case cannot demonstrate how the organisation will sustain the change after the programme closes, the business case is incomplete.
- The programme's success criteria must extend beyond delivery. A programme that delivers a new platform but leaves the organisation unable to operate, maintain, or evolve it has not succeeded. It has created a new dependency.
- Internal ownership must be established early, not late. The common pattern of parachuting in an internal "business owner" in the final months of a programme is a recipe for superficial handover. The people who will own the outcomes need to be embedded in the programme from the start — not as observers, but as participants with genuine authority and genuine accountability.
- Leaders must be willing to challenge the commercial incentives of their delivery partners. This is uncomfortable but necessary. The question "what is your plan for making yourselves unnecessary?" should be a standard part of supplier governance, not an afterthought.

5. The Leadership Responsibility

Ultimately, this is a leadership challenge because it requires leaders to prioritise something that is genuinely difficult to measure, difficult to defend in a board paper, and difficult to attribute to any single decision. Building capability is slower, messier, and less photogenic than deploying technology. It does not lend itself to milestone reporting or traffic-light dashboards. It requires patience, sustained attention, and a willingness to invest in outcomes that will only become visible long after the programme has closed and the steering committee has disbanded.

The organisations that break the dependency cycle are the ones whose leaders insist on asking a simple question: when this programme ends, will we be more capable than when it started — or just more dependent?

The organisations that break the dependency cycle are not the ones with the best technology or the most sophisticated methodologies. They are the ones whose leaders understand that transformation is not something you buy — it is something you build.

And building it means investing in the people, the skills, and the organisational muscle that will carry the change forward long after the last contractor has submitted their final timesheet.

The capability gap is not a mystery. It is a choice — made implicitly, through inattention and misaligned incentives, but a choice nonetheless. And it is a choice that leaders have the power to make differently.