Digital Transformation - How to Beat the Odds

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ARMSTRONG WOLFE™

Advisory

A recent survey of directors, CEOs, and senior executives found that digital transformation (DT) risk is still their No.1 concern going into 2022. Yet 70% of all DT initiatives do not reach their goals.

Of the $1.3 trillion that was spent on DT last year, it was estimated that $900 billion went to waste.

Why do some DT efforts succeed, and others fail? Fundamentally, it's because most digital technologies provide possibilities for efficiency gains and customer intimacy.

But if people lack the right mindset to change and the current organizational practices are flawed, DT will simply magnify those flaws. There are five key areas have helped us lead our organizations through digital transformations that succeeded:

» Figure out your business strategy before you invest in anything

» Leverage insiders

» Design customer experience from the outside in

» Recognize employees' fear of being replaced

» Bring a Silicon Valley start-up culture inside

Armstrong Wolfe Advisory's Digital Transformation Strategy

AWA's Digital Strategy is an approach to transformation toward innovation. This approach will drive the goals of the transformation program.

Digital transformations have two principal objectives:

The first is to help organizations identify new opportunities that give them the ability to create breakthrough customer value and increase their client's relevance and growth. The second is to give it the ability to act on those quickly and effectively.

These goals are embedded into the capabilities, culture, and the systems within the client. People are the key to digital leadership. The underlying work of the transformation program is building leaders and inspiring a culture that will take the client forward into the digital future.

Embedding the insight, knowledge, work style and management methodologies will work into the DNA of the client. That means that the work they do is critical, not only to the transformation program, but ultimately to shaping and inspiring the client's future.

Be warned, 70% of transformation efforts fail. If the client is going to survive, and not be digitally disrupted, we have to beat those odds.

70%
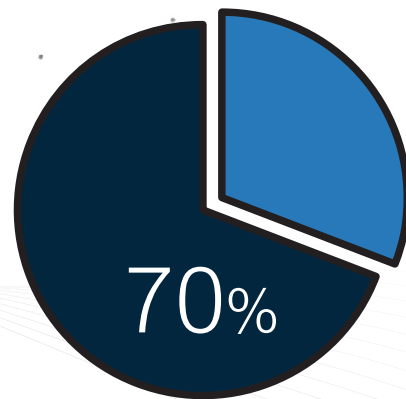
How To Beat the Odds

Armstrong Wolfe has developed a comprehensive digital strategy and transformation program for their clients and manage it exceptionally well. The biggest reason transformation efforts fail is because the people protecting the status quo win.

They win because they see no real incentive or support for making the changes transformation requires. In fact, they feel threatened by it. Change is hard, even for those who want the change.

Why Transformation Fails

Executives have built a strong position for themselves doing things the way they have. Change makes them vulnerable. Without a well thought out, supported, and executed transformation program, the people protecting the status quo and the client will win and the shot we had as a digital leadership will be lost.

Let's dig a little deeper into how that happens. If you've been in the workforce for any period of time, you've encountered poorly managed projects and poorly managed companies. With transformation failure rates as high as they are, it is not surprising that when the topic comes up, employees are sceptical. They've heard all of this before and if they don't see the telltales of the successful effort, they'll remain sceptical.

Most people need pretty explicit directions when we come to them with a great big vision. If they hear lots of buzzwords, they might nod their head, as though they get it, but in fact they don't have a clue about how to do what you just asked. Another factor is adding more priorities to somebody who's already approaching burnout. Again, they'll nod their head yes, but they'll put the request on the bottom of the stack of their other priorities.

When someone doesn't see any real signs that the client is committed to the effort, they'll give you a smile and say good luck with that, and what that really means is they don't see any value in taking ownership.

Another area where we all fail is telling someone how important something is, yet never making the time to address their concerns, issues or questions. In another big area where companies fail, is analysis paralysis. Most companies in established industries have huge amounts of data available to guide their decision making.

With digital technology and innovation moving at the speed it does, you'll never have that kind of information available to you. So, if the executive staff keeps sending the team back to do more analysis, and you can't find a way to get them to let go of that approach, the digital future will fall victim to analysis paralysis.
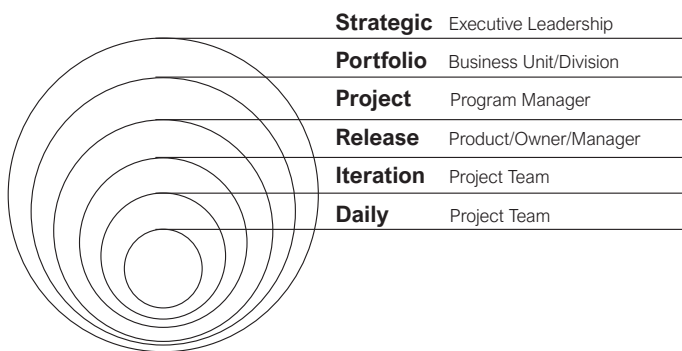
If you haven't convinced departmental leadership that this is important and urgent, you won't convince the people that work for them that it is. Every senior leader in the client needs to be accountable and measured on their ability to support and move the digital strategy and transformation effort ahead. The transformation effort has to keep communication flowing and momentum growing. Team leaders have to continually check back in and ask what did you do yesterday, what are you doing tomorrow and what's standing in the way?

If you're not actively managing and demonstrating urgency and priority, digital transformation will quickly fall off the organization's radar. Putting together a client wide transformation team, getting them on the same page, getting them organized, giving them the perspective skills, and understanding they need to work together successfully, as well as developing and providing them a well thought out structure to execute against is a journey and it's a tough one. It takes a dedicated team that has the available bandwidth to pull all of that together and move it forward. The reason why 70% of transformation efforts fail is because it's so tough most companies don't do it.

Armstrong Wolfe Advisory helps bring the team and the client together and helps them develop the vision, strategy products, marketing, and operational systems, as well as the competencies the client needs to become a digital leader.

Whether you use this framework, modify it, or create something brand new, your team will have a far better chance of succeeding with the transformation program that has a framework to guide them. Just a reminder, this isn't a program designed to boil the ocean. In fact, it's quite the opposite.

This framework should be used to help us better understand the strengths weaknesses, opportunities, and threats relative to the digitally transformed future that we're heading towards. To that end, this program gives us a comprehensive overview of what's required to succeed in that future. But the truth is, no one can do all of this at once. The client has to start somewhere. That somewhere should be using an Agile approach to identify and prioritize the projects and initiatives that will deliver the greatest value and most momentum to the client the fastest. The transformation program needs to be executed in phases.

Strategic	Executive Leadership
Portfolio	Business Unit/Division
Project	Program Manager
Release	Product/Owner/Manager
Iteration	Project Team
Daily	Project Team

The first phase of the transformation program is the Introduction phase.

Its goal is to introduce the leadership within the client and the digital transformation team to the concepts of digital strategy and transformation.

Using it gives them a common framework language and vision of what digital strategy is and what the transformation program to support it needs. It also gives you the ability to discuss the differences people have. Understanding those early, and resolving those, gives you a far better chance of success.
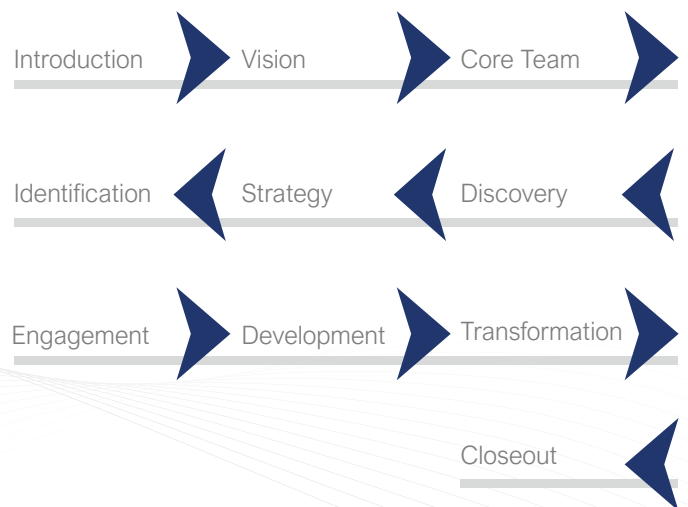
The second phase is Team Development.

Its goal is to help you assemble and orient a dream team that can lead the digital strategy and transformation effort. The third phase is Discovery. In the Discovery phase the team identifies and profiles opportunities and requirements. In the fourth phase, the team develops a vision and the initial strategy to guide the program.

In the fifth phase, Identification, the team works with internal stakeholders and customers to refine focus, prioritize the initiatives and the projects acquired to support the vision and strategy.

The Engagement phase brings people together from the organizations across the client to work collaboratively on finalizing the strategy and the initiatives in conjunction with the transformation team and the customers and partners that you're working with. In the seventh phase, Development, the work of implementing projects and programs to support the transformation of the digital core get underway. In the last phase, Transformation, the programs that proactively develop and manage the core competencies required to sustain digital leadership get underway. These phases can overlap but the activities within each phase need to be accomplished for the program to be successful.

Digital Transformation Phases

Introduction	Vision	Core Team
Identification	Strategy	Discovery
Engagement	Development	Transformation
		Closeout

The amount of effort required and the size of the team you need will depend on the size of the client in the sophistication level of the product, as well as how much work the client has already done around these issues. Transformation is about winning hearts and minds. I love this quote from Antoine St. Exupery, "If you want to build a ship, don't herd people together to collect wood, and don't assign them tasks and work. But rather teach them to long for the endless immensity of the sea." That really sums it up!

Create a compelling vision and a clear and actionable strategy. Let the people in the client know that they can be an important part of creating and fulfilling that vision of the future and how that will benefit the customers, the client, and their own careers.

We will engage their passion, their curiosity, and their creativity. We will make them long to be a part of creating that future and you'll be amazed at how successful the client will become. If all we do is assign tasks to the client, we won't be building a ship that can take them into the future. Instead, you just have people assembling parts.

The people and the processes that are developed as you go about the work of developing a digital transformation strategy or the digital DNA are what will lead the client into the future. The next is that most transformation efforts will fail, and that the way around that is to develop and deliver to the team a strong framework in an exceptionally well managed you effort that engages not just their minds but their hearts.

Portfolio/Programs

Aligns the company on what matters most accelerating the creation of customer value.

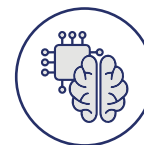|		
Executive Director Digital Transformation	Customer Journey/ Engagement	Product/Service Ecosystems
Operational Systems	Customer Insight	Technology Insight
Data Enablement	Continual Innovation	Digital Culture

In my next article, '**Digital Transformation - How to Beat the Odds with Teambuilding'** we will discuss what it takes to construct a winning squad that can execute on a transformation strategy.

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