3 Keys for Successful Digital Transformation

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Digital transformation is a big term. And the digital age is certainly upon us. So, what does this really mean for businesses? How do businesses stay relevant for their customers and compete in an increasingly digital marketplace? How are business models adapted and business systems and processes transformed by digital competencies? How are customers and clients getting exceptional service enabled by a digitally transformed business? These are all considerations that have been significantly accelerated by the Covid pandemic. Many business owners and leaders across various industries found themselves in a position where a sudden digital shift was required in one area of their business or another. Did your business respond effectively to the challenge of digital transformation? There are 3 key areas of focus that emerge for a successful digital transformation, and this separates the most digitally mature businesses from the least.

Simply acquiring and inserting digital technologies into your business rarely works in a sustainable way. Simply collecting new data and information that digital technologies provide is not enough. Businesses must know first what important data and information they are looking for, then how to analyze this information, how to interpret this information, and finally how to respond. MIT Sloan Management Review and Deloitte conducted a study of how businesses are using digital technologies and their subsequent digital transformation. 4,800 business executives, managers and analysts were surveyed capturing insights from individuals in 27 different industries with businesses of various sizes. The most interesting insight from the research is that the key drivers of digital transformation are not the digital technologies themselves. In fact, when comparing businesses with high and low digital maturity there is little difference between the types of digital technologies implemented and the extent to which they are used. So, what separates the most digitally mature businesses from the rest? They focus on 3 key areas in the business – strategy, culture, and talent.

Digital Strategy

A digital specific strategy is crucial for businesses of all sizes and industries to successfully compete now and in the future. Only 15% of respondents from the least digitally mature businesses said that they have a clear digital strategy. In contrast, 81% of respondents from the most digitally mature businesses said they are following a clear digital strategy. The data suggests that an effective digital strategy is less about finding, acquiring, and implementing the right digital technologies and more about remodeling the business itself to take advantage of the information and data those digital technologies enable. Often, digital technologies are implemented in one area or function of the business such as improving customer experience and engagement or increasing operational efficiency. Almost inevitably however, this deployment of digital technology will quickly seep into other business functions and processes, which left unmanaged can wreak havoc on your digital transformation process. This highlights the importance of having a digital strategy as it takes a holistic view of the business and how digital technologies, and the resulting information is utilized and communicated across all business units and functions. An effective digital strategy will bring together a portfolio of digital technologies integrated across people, processes, and functions to achieve a measurable business advantage.

Culture

The research suggests that the culture of a business is critical to a successful digital transformation. The most important factor that respondents said is necessary to effectively leverage digital technologies is the "willingness to experiment and take risks". Respondents also identified that this trait is among the

most lacking in their business. To remedy this requires a shift in cultural mindset. Cultivate an environment in your business where employees are encouraged and empowered to experiment, to iterate, and are given a safe space to fail.

One of the biggest cultural challenges for many businesses is the concept of a siloed organization. The siloed culture expresses itself as departments or business units working towards different priorities and being reluctant, unwilling, or even unaware to share critical information with colleagues in other departments or business units. A siloed culture is dangerous and will erode the advantages of a digital transformation very quickly. To dismantle the silos a clear digital strategy must create a unified vision for the business. This can shift the focus from departmental objectives to overall business objectives. This vision can then be broken down into shared goals that cut across multiple departments and require several teams to be able to unite and collaborate. Ideally the silos can be broken down before a large digital transformation effort is initiated. Finally, when training your teams to use digital technologies make sure to incorporate cross-departmental training so your teams can see and understand the use cases from other departments and how work and information flows across the business.

Talent

Another key area to focus on that separates the most digitally mature businesses from the least is the development and training of digitally savvy talent. Only 19% of employees from the least digitally mature businesses agreed that their company provides them with the resources or opportunities to take advantage of digital trends. This contrasts with 76% of employees from the most digitally mature businesses. Interestingly, developing talent to take advantage of digital technology isn't purely technical. In fact, most respondents indicated that the most important ability or skill for a successful digital transformation is "knowing the business and being able to conceptualize how new digital technologies can impact current business processes/models".

Another consideration is attracting top talent and retaining top talent. 91% of respondents across various industries, business sizes and regions strongly agreed that digital technologies have the potential to fundamentally transform the way people in their business work. Most respondents also questioned whether their leadership has the skills and abilities to lead the business in a digital environment. 85% of respondents said the ability to use digital technologies is important for their job, this was stable across all digital maturity levels. 70% of respondents said that these digital technologies are already impacting their job today. A surprisingly high number of respondents indicated dissatisfaction with how their company is reacting to digital trends overall. When comparing this to 78% of employees that said its either very important or extremely important to work for a digitally enabled business or a digital leader, the data suggests that top talent will flow toward digitally enabled and mature businesses.

The development, training, and retainment of digital savvy talent ranks among the top three keys of digitally mature businesses. Digitally successful companies provide employees with resources and opportunities to take advantage if digital trends

As businesses advance on their digital journey it is critically important to recognize that digital transformation success will depend less on the technologies themselves and more on the ability of your business to implement them in an innovative way with a focus on strategy, culture, and talent.

Next Steps

Curious how your business ranks in digital competency? Curious what your competition is doing digitally and the direction with which your marketplace is evolving? Contact Abinsi Consulting for support with a

digital business assessment to allow business owners and leaders to get a 'pulse' on the current state of digital transformation in the business. We then work with you to craft a future 'desired state' of the business and provide recommendations that align a path to get there.

Clearly there is much more to consider with a digital transformation program or initiative than just digital technologies. At Abinsi Consulting we take a holistic approach to supporting a business through digital transformation and offer end-to-end and fit-for-purpose digital transformation services. Call us today for a completely free and confidential consultation and digital strategy session to assess your digital transformation needs.