

The 7 Key Steps for Digital Transformation Success



After centuries of analog technology ruling the roost, the modern business world has begun to embrace—after some initial reluctance—the power and potential of digital transformation.

The promise of technologies such as artificial intelligence, data analytics, the Internet of Things (IoT), process automation, and others lies in their ability to give businesses greater productivity and profitability than ever before.

But to get the most out of these technologies and achieve true digital transformation success, you need a well-developed strategy that goes far beyond downloading the latest apps.

Replacing old technologies and processes with digital solutions takes care, planning, and persistence.

But with the right approach and tools, you can build and implement a winning plan for successful digital transformation in your business.

The Rich Promise of Digital Transformation

Empowered and defined by a broad range of technologies, digital transformation is the comprehensive adoption of these same technologies to improve productivity, competitive advantage, operational efficiency, profitability, and innovative strength.

It's a high priority for companies from all industries and of all sizes, from small businesses to mega-conglomerates. A 2018 survey from the Economist Intelligence Unit found that industry leaders were enticed by the significant gains in both efficiency and innovation offered by digital transformation technology, with nearly half of respondents focused on operational (48%) and cost (47%) efficiency improvements as well as new business models (45%) and markets (44%).

Procurement is an area of especially strong potential for savings and value; a 2018 study by research firm The Hackett Group found that world-class organizations who effectively implemented automation and artificial intelligence into their procurement system achieved up to 70% savings per order, and cut process costs by 22% through better decision making, machine learning, and process improvement.

The potential savings from a successful digital transformation effort were even greater for mid-range organizations, whose process costs dropped by up to 30% with digital technologies.

Yet despite their promise, digital transformation efforts can be a danger to any company approaching them without a clear-eyed understanding of the work required to transform not just processes and procedures, but corporate culture as a whole.

Digital technologies are powerful tools, but they require human intelligence—and enthusiasm—to be used effectively.

Without informed and engaged team members across the organization and a long-term digital roadmap built on supporting company ambitions in the digital world, even the most ambitious digital transformation strategy will fail.

Just how difficult can it be? Research firm McKinsey & Co. found in 2017 that fewer than 30% of companies attempting to implement digital transformation efforts succeed.

Shifting into an “information-centric” business model can take time and considerable effort, especially for companies with a long tradition of analog workflows.

In optimizing processes and introducing new technologies across business units, companies inevitably transform their customer experience as well, making a cohesive, comprehensive, and consistent approach to digital transformation even more important.

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Achieving Digital Transformation Success

Companies like Hasbro, Best Buy, and Microsoft have all leveraged the power of digital technologies to transform their market position, boost their bottom lines, and enhance their customer experiences.

Some, like Amazon, were founded on digital transformation and have built on that base to become titans of eCommerce in the digital age.

While the approaches, and goals, of these companies all vary, their digital initiatives share a certain investment—both figurative and literal—in consistent, complete implementation across their organizations as a whole.

A successful digital transformation strategy is built on, and supported in the long term, by a few simple steps:

1. Build a Digital Transformation Strategy

Focused on “The Three Cs”

While specific goals and benchmarks will differ from company to company, achieving and sustaining digital transformation within an organization is much easier with a focus on “The Three Cs”: communication, change management, and continuity.

- **Communication:** From its inception, any digital transformation project, big or small, should be founded on clear and constant communication between the project team, management at all levels, and the organization as a whole. This ensures everyone is in the loop on the focus of the project, their specific roles within it, and the availability of resources to help them perform those roles. In addition, continuous communication helps build a spirit of shared endeavor and ensures everyone has the information they need to address any frustrations, roadblocks, or other challenges that may occur as time passes.
- **Change Management:** The role of change management within digital business transformation is twofold. Firstly, it allows you to track, measure, and analyze the changes being made and produces useful data for further process and production optimization. Secondly, it can be used to implement updates to existing workflows, digitization efforts (e.g., conversion of all documentation, communication, etc. to digital formats to eliminate paper-based delays, expense, and errors) and digital tools in stages. This gives you finer control and allows for a longer adjustment period if staff, management, vendors, customers, etc. need training and additional information to engage fully in the new technologies being used.
- **Continuity:** Like water working a channel into stone, enduring (and effective) digital transformation initiatives require time and patience. Taking the long view in planning, with a clear and consistent approach to achieving long-term goals through incremental change, can often carry you across the finish line more successfully than emphasizing speed or short-term gains.

2. Evaluate Your Existing Situation with Honesty and Clarity

While it can be tempting to deal with the business world’s challenges by throwing

money and bleeding-edge tech at them, it's unlikely the accounting team, senior management, the IT department or your customers will support such a casual digital strategy.

Before you can apply digital tools to the problems your company wants to solve, you need a clear and uncompromised view of just how extensive those problems really are.

Depending on the scope of your digital transformation project, it may be necessary to evaluate all of the workflows, procedures, policies, and practices that support the function, business unit, or division you're looking to transform.

A similar evaluation of your entire organization is next, as you'll need to contextualize project goals within the overarching ambitions of your company—and, if you are taking a continuity-minded approach, having a clear view of your organization's challenges can help you implement later stages of digital transformation more easily within the framework you build after evaluation.

For example, let's say your current project is to update your purchasing software in order to achieve deeper savings, reduce risk, and build business value through process improvement.

Developing a plan to expand the benefits of automation, cloud-based document storage, and real-time data analysis to the rest of your company will be much easier down the road, including integration with existing accounting or enterprise resource planning (ERP) solutions as a stepping-stone to a complete, centralized digital solution connecting all parts of your company and supporting company-wide goals.

Knowing where your company is, and what it needs to do to reach the place it would like to be, is essential to building a roadmap that will get you there.

3. Sell Your Vision to the C-Suite

Digital innovation can be a hard sell to upper management, particularly in companies with a very financially conservative approach and general suspicion toward "the latest and greatest."

But because the C-Suite plays a pivotal role in defining company culture and goals, it's crucial to bring them up to speed and ensure they have the digital savvy necessary to understand both the immediate and long-term benefits of technologies such as process automation, machine learning, and advanced data analytics.

Once they're sold, they can be a powerful ally in communicating the role of digital transformation in setting and reaching organizational goals.

4. But Don't Overlook Your Front-Line Staff

The right people in the right place, doing the right thing. It's possible, with digital transformation.

But just as your CIO and other C-level management provide inspiration and leadership, your team members and management provide the day-to-day work "in the trenches."

Getting buy-in from all team members is essential, because they're the people who will be using the new software, mobile apps, and other digital tools that drive the transformation you seek.

Your staff can be an invaluable source of feedback, too, improving decision-making as you tweak your long-term implementation efforts to ensure everyone has access, information, and complete understanding of their obligations within the new system.

5. Build a Project Team That Can Stay the Course

Connect the C-suite, management, staff, and project personnel, as well as any third parties such as consultants and vendors, to form a project team.

This group will take the inspiration and leadership provided by executive management, connect it to the goals of the digital transformation project, and engage the company as a whole.

It supports The Three Cs by consistently communicating with all stakeholders, managing change in line with project and company goals, culture, and capabilities, and ensuring the project's long-term goals are never compromised by

or lost to short-term adjustments.

6. Team up with the Right Technology Providers

With any digital transformation initiative, the technology partners you choose are much more than vendors, especially if—to return to the purchasing software example—the transformation your project supports is both broad and deep.

The learning curve for moving from analog, pen-and-paper purchasing workflows to automated processes built around continuous improvement can be significant.

That's why it's important to choose tech providers who can also give your staff and IT team the training and support they need to weather the digital transformation successfully.

Tech providers can also offer insights from their own experience to help guide you as you define your project's goals, timeline, and scope, and thus become partners in shared success.

7. Develop and Communicate Your Short and Long-Term Schedule

Into every life, and project, a little rain must fall. But even the most torrential downpour is no match for a well-defined list of priorities, responsibilities, and benchmarks once they've been established.

Frequent communication of project goals, milestones, and timeframes helps maintain engagement and enthusiasm across the board.

Clear definition of responsibilities and roles, and the ways in which they support the project, help minimize delays, errors, and omissions.

A straightforward, but adjustable, timetable allows for breathing room while still establishing measurable and visible progress.

Digital Transformation Success

Begins—and Lasts—with a Plan

Embracing digital transformation doesn't have to be a struggle—nor does it have to end in disaster. Incorporating new technologies as part of your company's continued success is possible with a well-developed digital strategy that engages your whole organization and prioritizes communication, clarity, and steady, measurable, and achievable improvement.

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