Three Keys to Delivering Digital Transformation

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Business leaders, industry strategists, academics, and policy makers are all scrambling to make sense of digital transformation and to define strategies for success in our increasingly digital economy.

In a series of 4 articles, based on my latest book, I will look at the importance of the leader's role in delivering digital transformation in today's digital economy. I believe there are three key's to success; Agility, Innovation, and Disciplined Management.

Part 1: From Digitisation to Digital Business

In this first article I will considers how and why the current focus of digital transformation in many organisations must shift from digitisation to digital business.

Driven by rapid technological change, organisations face new kinds of pressures to rethink their approach to business strategy in a world that is quickly moving toward digital products and services. For mature organisations the most critical task is to update the existing infrastructure and to take advantage of the efficiencies promised by new technology. Not only does this allow them to be "better, cheaper, faster", it also helps them reorganise to become more resilient in a rapid evolving environment.

However, a lot has changed in the last 20 years since Dan Tapscott introduced the term "digital economy" and began to explore its implications for business and society. Unfortunately, many organisations still see digital transformation as a technology issue to be figured out by the IT team, or partitioned into a problem to be sorted out by a separate "chief digital officer".

More digitally-mature organisations are beginning to view digital transformation as not just an internal technology infrastructure upgrade; it is more than an opportunity but an opportunity to move costly in-house capabilities to the cloud, or shift sales and marketing to online multi-channel provision. The focus today is on a more fundamental review of business practices, a realignment of operations toward core values, and a stronger relationship between creators and consumers of services.

Within this context, digital modernisation programs taking place across many organisations are accelerating the digitisation of their core assets, rebalancing spending toward digital engagement channels, fixing flaws in their digital technology stacks, and replacing outdated technology infrastructure with cloud-hosted services. Such programs are essential for organisations to remain competitive and relevant in a world that increasingly rewards those that can adapt quickly to market changes, raise the pace of new product and service delivery, and maintain tight stakeholder relationships.

In many business domains however, modernising existing ways of working with digital technology is necessary but not sufficient. Beyond technology replacement activities, many organisations are rethinking their approach to all aspects of their business models: which customers they serve, what those customers value, which channels are most appropriate to reach them, how costs can be managed more effectively, where to compete and who to partner. Digital technology is driving a transformation in business.

Based on over two decades of experiences with a wide variety of organisation, I believe that there are 3 areas where today's leaders, managers, and practitioners must arm themselves with tools for both understanding and leading in the digital world. Central to this are three core themes at the heart of digital transformation: Agility, Innovation, and Disciplined Management.

Agility

Today's organisations must be able to design, test, and deliver new products and services more quickly than ever before. This requires new technologies that support rapid user-centered design, constant field testing, and instant deployment on a very broad scale. More fundamentally however, it requires a tremendous change in mindset. Today, digital leaders must direct theorganisations' engagement and delivery toward short delivery cycles. This require lean start-up techniques, where Minimum Viable Products (MVPs) trialed with consumers drive feedback help organisations discover winning business models through multiple "pivots" in market strategy, capabilities, and positioning.

Innovation

Digital leaders now consider innovation to be a business priority essential for success. For businesses to have meaningful growth, the collaborative process from idea generation to solution delivery must be optimised. Innovation practices must be flexible and repeatable. And leaders must be willing and able to lead teams in an innovation-focused interactive environment. In the past, innovation was slow and risky, and largely left to the experts in the R&D department. Today, tremendous importance is placed on "democratising innovation" by establishing practices that increases innovation speed while decreasing risk.

Disciplined Management

Driving innovation in a well-established organisation is critical for the success of its digital transformation. However, lessons from the agile software delivery domain have taught us that it is fatal for an organisation to become overly–obsessed with digital

technology's new capabilities; Or to be carried away by the excitement of experimental practices in the company's deliverymethods. To achieve success, digital leaders must be responsible for a disciplined approach to change. This is supported by innovation management practices that yield results, grounded in techniques that address the most common failure points. Speed and flexibility without appropriate discipline leads to chaos.

For today's digital leaders, delivering digital transformation requires setting out on a journey with many unknowns, and on whose path many twists and turns will be encountered. My observations indicate that those with most success view their digital transformation journey through three lenses: Agility, innovation, and disciplined management.

The remaining 3 articles in this series address these three keys to delivering digital transformation. They provide a fundamental assessment of current thinking, offer insights into good and bad practices, and illustrate strategies for success using relevant real-life examples.

For a deeper examination of the ideas raised in these articles, take a look at: "Delivering Digital Transformation: A manager's guide to the digital revolution".

(This article is also available at: https://digileaders.com/three-keys-ways-delivering-digital-transformation/)