DIGITAL TRANSFORMATION ROADMAP

Introduction

Digital transformation is by no means a new concept. For the past decade, we've known it's a necessary change to survive in the current digital landscape. Organizations which are able to leverage emerging technologies, like the Internet of Things, AI and machine learning, are enabling themselves to out-perform competitors and better meet current customer needs.

Today, these companies are in the lead, gaining highly accelerated insights into customer behavior, optimizing processes and revamping their business models, increasing their customer acquisition, retention and ultimately, revenue.

Digital innovation is no longer just a priority, it's a necessity. Executives are now spending more than ever on new tools to drive this change. By 2021, investment in digital transformation is set to reach over $2 trillion[1].

However, studies show that less than 30% succeed[2]. What's going on?

The problem is that many see digital transformation as a *goal* to be reached. We have to realize that digital transformation is not a one time change. It's not something that can be introduced by simply buying the latest cutting edge tech. At BrandPit we believe that **digital transformation** is a **capability** rather than a phase. It is a continuous journey, not a destination.

"Digital transformation is a capability and not just a phase in a company's timeline."

In this eBook we'll share the insights we've gained from helping clients successfully redesign their organizations for the digital future.

---

[1] Michele Moore, "Organizations struggle to make progress with their digital transformation investments", *Capgemini*, 3 July 2018, accessed 20 May 2019 https://www.capgemini.com/fi-en/news/organizations-struggle-to-make-progress-with-their-digital-transformation-investments/

[2] Hortense de la Boutetière, Alberto Montagner and Angelika Reich, "Unlocking success in digital transformations", McKinsey & Company, October 2018, accessed 20 May 2019 https://www.mckinsey.com/business-functions/organization/our-insights/unlocking-success-in-digital-transformations

Developing your organization's digital transformation roadmap

Digital transformation has been carried out in silos, causing an uneven transition. Some departments, such as IT and digital marketing, are changing. They have the people with the skills needed to constantly innovate and disrupt their practices. However, other departments have lagged behind.

We see this especially in marketing, where digital transformation can even become isolated within teams. Digital marketing experts are now leading new, innovative customer experience initiatives, whereas more traditional marketing roles may not be innovating at the same pace.

The biggest barrier to digital transformation isn't technology itself, it's people and processes. While you have certain departments, like digital marketing, moving towards a digital revolution, others follow a slower paced digital evolution. This means that the speed of technological change will always far outpace the speed of organizational change because the latter requires a deeper culture shift.

However, this doesn't mean it's impossible to digitally transform your organization. It simply means that you need to be strategic about the changes you want to make. Instead of trying to introduce a full scale change all at once, you should create a digital trans-formation roadmap which is aligned with your business objectives and aimed at the changes which will bring the highest returns.

Start by identifying where you are and where you wanna go

Journeys aren't solely about going from point A to point B. They require stops for fuel, picking up new passengers and resetting your navigation when you hit a roadblock. By emulating the transition steps other companies have taken, many are simply following a one size fits all approach for their journey. Instead it's necessary to take a closer look at our organizations themselves and understand what our actual opportunities are. So how can I do this?

"The biggest barrier to digital transformation isn't technology itself, it's people and processes."

At BrandPit, we frequently use a proven model called Leading Digital. In *Leading Digital: Turning Technology into Business Transformation* [3].

---

[3] Westerman, G., Bonnet, D., & McAfee, A. (2014). Leading digital: Turning technology into business transformation. Harvard Business Press., accessed 20 May 2019

BrandPit

The authors distinguish four types of organizations: **Digital Masters, Fashionistas, Conservatives** and **Beginners.**

Digital Mastery by Industry, from Westerman, Bonnet, & McAfee (2014) *Leading Digital*
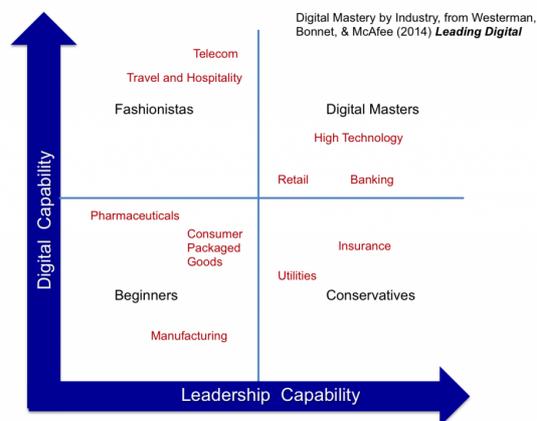
Digital masters are companies which have both the digital and leadership capabilities needed for continuous innovation. When it comes to their digital capabilities, they know very well what types of technology they need to invest in because leadership teams are driving a clear shared vision for their digital transformation.

While **Fashionistas** may have the digital capabilities and talent they need, they often don't have strong direction from leadership to unify efforts under a common vision and processes. This results in misaligned (and sometimes contradictory) digital initiatives across departments. These companies need to build leadership capabilities and increase synergy in their efforts. You can do this by starting with a unified vision and putting in place roles within the company that coordinate this throughout the organization.

Conservatives, on the other hand, may have strong leadership and processes but may lack the digital mindset needed to start leveraging new digital capabilities to their fullest potential. A solution is to take advantage of the leadership by having them identify known issues and start implementing experiments. Make sure to engage your employees and use them to their full capabilities.

Beginners are at the very beginning of their digital efforts, usually trying to gain certainty before they implement. They might not feel digital is for them, or they lack the leadership to act on it. Their best bet is to experiment and investigate. Start with the capability that feels most natural and move from there to create a shared vision.

As you can see, each type of organization will need to find the right direction and speed before they start their journey. This may change throughout your transformation, but as long as you keep a clear picture of where you are and where you want to go next, you won't lose your way.

Digital transformation requires you to rethink even the fundamentals of your business, including not just the technology you're using, but also the way your teams are formed, the way people communicate and collaborate across disciplines and the way you manage your teams.

As a business leader you need to know what you want, because this course of action is tough. You take one step forward only to take three steps back and you will lose people in the process. But at the same time it's future proof. It's an indefinite process, but it's fluid.

Two forms of digital transformation

There are two paths we've seen our clients take that are exemplary in bringing about digital transformation. The first is a full scale digital revamp based on a complete restructuring of teams, roles and processes. This is the most common, but by far the most disruptive of the options. The second alternative will help you bring more stability to the process, allowing you to introduce change in a slower more controlled environment.

Reshaping your organizational structure

To introduce a full scale digital transformation, there are four key steps you need to take:

1. **Introduce cross disciplinary teams:** One of the biggest barriers to a full scale digital transformation is departmental silos. In traditional static team structures, information, ideas and digital tools rarely leave departments. This is what leads to an uneven

transition, with certain departments outpacing others.

The big challenge lies in building bridges between the various disciplines to create a seamless and optimal customer experience. Team structures therefore have to go through a complete makeover. Instead of static teams, digital transformation requires cross functional agile networks. There shouldn't be a separate digital division. Instead, it should be dispersed throughout the entire organization.

2. **Create digital roles:** Not only do organizations think in silos, people also have a tendency to stick within their comfort zone when it comes to workplace skills. Especially in more traditional organizations, there can be resistance from legacy employees to learn and adopt new digital skills.

It's time to reshape traditional job roles towards a new digital orientation. For example, instead of a marketing manager, you should have a digital marketing manager in charge of guiding your digital strategy across all marketing related activities.

You may already have people with the skills needed to take on these new roles, otherwise you will need to either turn to upskilling or a new recruitment strategy to find the right people at the right time.

3. **Centralize core standards and decentralize decision-making:** These new teams need to be given both the autonomy to enable fluid, agile decision-making and a framework/parameters which will ensure their decision-making remains in line with the larger company objectives.

Centralize standard formats and processes to keep teams aligned with your business and branding strategies. At the same time, allow for a degree of decentralization to enable innovation through experimentation with new tools and ideas in an agile fashion.

4. **Automate and humanize**: Automate manual tasks to allow your people to focus more on customers. While automation helps us make our processes faster and more efficient, we still need to maintain human judgment, creativity and connection to customers.

Reshaping by BrandPit

Technological developments are happening lightning fast nowadays, meaning organizations simply cannot be static anymore. Instead, companies should be able to flexibly adapt and grow with transitions to prevent them from running behind. BrandPit worked with Bakker.com to reshape their organizational structure for this very reason. We believe that professionals can be flexible by nature and thrive in self-steering teams. In

this particular case, we created an outline for a more agile and flexible company structure. Based on this new structure, we sourced professionals to fill in roles based on their fit with the company, the culture and the goals, essentially creating a new organization.

Bakker.com

"We're at the dawn of a big digital transition as a company. In our search for help, we found BrandPit with their knowledge and experience within this domain and we're immediately charmed by their approach and power.

Within the first four months, BrandPit was able to structure a new company structure and find fitting employees, creating a more lean and scalable approach."

- Arthur Clement, CCO of bakker.com

While taking this approach to digital transformation is possible, we want to point out one thing: This path is intense and, above all, a process. You have to really trust this process, believe in it and also learn from obstacles. It definitely is a journey, so please do not forget to enjoy the ride.

Digital twins

The barrier to digital transformation can be especially high for larger organizations that need to transform in order to stay competitive in the future, but lack the digital culture they need to bring about change. The re-structuring required for a full scale digital transformation can be shocking to the system. This simply isn't a risk every business can and should take.

For companies that want to secure their current business model, but also want to start their transition, creating a digital twin or multiple twins can be a great option.

Digital twin organizations are essentially a whole new entity. They are a digital copy of your organization and allow you to analyze how people, processes and systems are working within your organization and identify potential bottlenecks. With this virtual model, you can rethink and optimize your company's operational processes, leading to a clear digital transformation strategy.

Dynamic digital representations, or Digital Twins, are rapidly changing the way industries design, build and operate their products and processes. Gartner predicts, "by 2021, half of large industrial companies will use Digital Twins, resulting in those organizations gaining a 10 percent improvement in effectiveness."

Digital Twin by BrandPit

In case of digital twins, the ground rule we hold on to is that twins need to be simple but detailed. Our client, Company B, was a large industrial manufacturer which had been a market giant since the 70s. Although business was good, they were struggling to keep up with the upcoming competitors, the lack of knowledge and speed to deal with new technology. They knew failing to transition now would hurt them in the long run.

With a complex operating model and a workforce that was not skilled in the latest trends in technology, upskilling was going to take time and resources.

To help them speed up their transformation, BrandPit helped them develop a digital twin organization. We used different workforces which were divided in design, build and operating teams. In each team an analytic landscape was formed with a clear context. From this discovery phase we turned to design and ended with the delivery phase.

A digital twin can be as big or stretched out as wide as you want. But to ensure that its deliverables are adaptable, you must con-stantly wonder where to stop and consider a new twin. Achieving success within a smaller market, production phase or part of an operating model allows innovations to be absorbed more easily by the parent company.

For this client we made sure we had a perfect balance between "new" professionals and a current workforce. We used temporary contracts to speed up the learning curve and in this case we hired experts on specific high involvement areas: IT architects for selecting software to connect all applications in a sustainable way, analytic gurus to ensure the level of detail.

Next steps

Instead of simply introducing new technologies to your processes, it's about using them to rethink those processes and transform them in ways that will help your business meet its objectives faster. Techno-logy gives us more power than ever to create. We're losing out on the full potential it brings by simply using it to enhance what we already have.

The next two sections will focus on how we can rethink two essential processes to bring our workforce and organization forward.