DIGITAL STRATEGY

Digital technologies can allow seamless experiences for customers and supercharge data-driven insights. Yet the real process of digital transformation is messy, with competing priorities, legacy infrastructure, and the ongoing battle for talent. Where should you start your journey, and how do you focus your efforts?

01 START WITH WHAT MATTERS MOST

"You really need to understand how you win, before you can digitize anything."
- DG Macpherson

Focus

Find ways to create advantage in the areas that matter most to you. Ask, where do we want to differentiate ourselves as a company? This is where you should invest in custom-built digital platforms and leverage the latest engineering practices. Off-the-shelf tools can be powerful and cost effective but do not create competitive advantage.

"Our technology roadmap is really anchored in the premise that we need to be better at matching customers' needs to products. If we do that better than the competition, we win."
- DG Macpherson

Simplify

For capabilities that are not a differentiating factor – think payroll – find purpose-built tools at the right price point. The goal is to simplify your digital ecosystem. Avoid cobbling together multiple package software solutions as this will drive up internal IT costs to maintain them.

Blend

Where technologies are already established and working, retain them. Use your new digital capabilities to integrate these with the rest of your ecosystem.

Rather than creating a whole new set of company values, ask your leadership team:

- Where do we want our digital transformation to take us?
- What cultural aspects do we have that we value and want to keep?
- What new cultural or behavioral characteristics must we adopt?

CASE STUDY

The Silicon Approach

Grainger follows a 'dual corridor' model pioneered by tech firms:

- A Chief Technology Officer responsible for engineering security and operations.
- A Chief Product Officer responsible for prioritization of technology investments.

The product team is the 'translator' between the business and the technology teams. They set priorities and work with the business to make sure that solutions are impactful and solve business needs.

02 BUILD AND ALIGN TEAMS

"If there are targeted skill sets that are really mission critical to get to where you need to be, you've got to lean in and pay for those skills"
- DG Macpherson

Change up your talent mix

Redesigning entire systems requires the ability to conceptualize, deal with ambiguity, and iterate. Software engineers must be able to frame solutions, not just take orders. Don't be afraid to hire new talent. Pair new skill sets with 'old hands' who understand the business.

Nudge culture

Start with cultural aspects you value and want to keep. Build onto this where you want to see the culture move. Be utterly consistent about any new principles both in communication and action.

Align business with technology

Take a page out of technology companies' books. You need to make sure you are translating business needs, setting priorities for technology teams, and doing this in an agile and iterative way. This requires specific capabilities and skill sets, including the ability to understand both business and technology.

"You need the operators side by side with any technology you're building in the digital space, or you don't get the results you need."
- DG Macpherson

03 KEEP TOP LEADERSHIP ENGAGED

Immerse

If digital transformation is tied to competitive advantage, your leadership team needs to be immersed in the effort. You can't just hand over the reigns to the technology team and hope for the best. Spend time and energy early to bring your top leadership on board and keep them close to the tech.

"The biggest surprise to me as CEO in my five years has been just how much time I spend on our technology transformation"
- DG Macpherson

Communicate

Put ceremonies in place that allow daily interaction with technology teams. Frequently communicate your priorities, especially early on. Allow two-way communication and feedback. Encourage behaviours that proactively address issues rather than a 'wait and see' approach.

"We used to wait for the technology to be finished and then talk about it. Now we're 'in it' every day."
- DG Macpherson

Experiment

To minimize disruption to the core, consider building new capabilities outside, bringing them back into the core once proven. Keep your leadership team fully involved. Experiments can help test new technologies and processes without disturbing day to day operations. They may also help convince doubters.

04 BE A LONG-HAULER

Allow for the unseen

A digital transformation requires patience and a willingness to address underlying technology challenges. All the analytics in the world cannot help if the source data is corrupt or if the underlying technology stack is poorly built. Be prepared to spend resources on cleaning up, not just building a flashy front end.

Acknowledge organizational capacity for change

For changes to stick, the organization needs to be able to absorb them. Limit the number of your development teams and their outputs to what can be handled by the rest of the organization. Keep the focus on your priority initiatives.

Be agile

Leverage iterative development. Have regular releases and allow users to test new software frequently. Call it when things aren't working and need to change direction.

Trust the process

Knowing that what you are doing is vital to the strength of the business allows you to take both time and risks. Retain a tight link between daily technology efforts and business value to ensure your radar remains dialled in.

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