

Not One Size Fits All: Working Out What Kind of Transformer You Are

IV

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About the Author

About the Digital Strength Program

In this digital age, the pace of change is increasing exponentially and every organization faces existential threats from new and existing competitors. The Digital Strength program is crafted to give everyone within an organization – from the C-Suite to the production line – an understanding of what digital transformation means within a global context, and guidance to achieve the digital transformation journey in your own organization.

We will cover an explanation of what digital transformation involves, the roles and responsibilities around digital transformation, as well as the cultural aspects of a digital change. Over the course of the program we will detail tips and tricks, potential barriers, clues into the ideation approach, and how to move towards seeing digital as an ongoing process.

By the end of the program, participants will be fully conversant about digital transformation, and will be armed to be the change agents within their own organization to implement digital broadly.

No matter whether you are just beginning the journey of transformation or are well on your way, the guidance in this program will be useful to you. Early adopters, those mid-way on the transformation journey or those yet to begin will all find something of value from this program.

Welcome to the future!

Course II: Who is Responsible for Digital Transformation?

I. Introduction

Digital transformation isn't a cookie cutter process. As such there are no "silver-bullet" approaches, methodologies, or templates that organizations can adopt to help them on their way. There are, however, very thematic that can be applied to any digital transformation.

In this course, we introduce the theme of digital transformation being an ongoing process and show how – with the right cultural changes – an organization can transform from something static, to something dynamic and innovative.

We discuss different approaches to digital transformation and show how, for some organizations, the best approach is to experiment by transforming discrete workflows and processes.

We also delve into more radical transformation and show how some organizations have transformed their entire business in short order.

Finally, recognizing that every organization needs to think about digital transformation, we look at how existing businesses can start to think about transformation within their existing context.

II. A Brief Detour into Design Thinking

The concepts of digital transformation and design thinking are inextricably linked. It is for that reason that a brief interlude focused on design thinking is worthwhile.

Most people make the mistake of thinking design is what it looks like. People think it's this veneer—that the designers are handed this box and told, 'Make it look good!' That's not what we think design is. It's not just what it looks like and feels like. Design is how it works.

—Steve Jobs

Design thinking is an appropriate reaction to fundamental changes at a macroeconomic level. As CIO magazine highlighted¹, for the past century, analytical thinking has helped solve the complicated problems that arose from the Industrial Revolution. These challenges were predictable, linear and well defined, typically arising over a long period of time. Today's quick-shifting world of digital is rife with complexities that are unpredictable, non-linear, chaotic, ill-defined and with short timeframes. This requires a vastly different approach.

For design thinking – and hence broad digital transformation – to render good result requires that businesses change their organizational culture and mindset. Oftentimes organizations view problems through a biased and singular lens – be it technological or data-driven.

As a practice, design thinking is a human-centered approach to innovation. A design-led approach puts the user first and builds upon empathy for that user and her drivers. It helps identify the optimal customer experiences and highlights the problems worth solving. From there, the technology and economics can be backfilled to come up with a potential solution.

1 How Design Thinking Can Boost Digital Transformation. (2017, March 21). Retrieved March 13, 2018, from <https://www.cio.com/article/3183552/leadership-management/how-design-thinking-can-boost-digital-transformation.html>

This process helps organizations to become:

Empathetic. Companies can better understand the needs and opportunities of customers, employees, and other stakeholders.

Collaborative. Diverse perspectives across roles and functions work together to create more coherent experiences.

Naturally iterative. Employees can more quickly understand user feedback, success, and next-steps.

A September 2015 McKinsey survey² uncovered a strong link between high digital performance and a risk-taking culture within organizations. This type of culture not only understands that high-value rewards come with increased risk, but that failures – within the right context – provide a good opportunity to learn and develop an innovative culture. To use an obvious analogy, it is much like learning to ride a bike. Falling off it is part of the process.

SPEED TRUMPS ALL

Digital transformation, enabled by design thinking, is a speed game. Instead of taking lots of time to research a market and develop a product that is 100% complete, it is far better to develop a hypothesis and to test that via the minimum viable product – the smallest function-set that enables an accurate assessment to be made.

To this end, organizations that are successful within the context of digital transformation develop iterative ways of rapidly creating and testing innovative ideas. Technology such as cloud computing and agile development methodologies are drivers to achieving this iterative culture. This is one area where a small team within a larger organization can be leveraged to prove a hypothesis. Once proven, design thinking can be applied to scale and grow the breadth and impacts of the ideas.

2 Cracking the digital code: McKinsey Global Survey results. (n.d.). Retrieved March 14, 2018, from <https://dam.sap.com/mac/download/ad/OUXx7.htm>

It's not the big that eat the small, it's the fast that eat the slow."

- Rod Drury, CEO, Xero

Rather than spending inordinate amounts of time researching a market and developing a complete product, a digital culture embraces a minimal viable product with an approach of rapid iterations. To remain competitive, companies have been adopting more iterative and quick ways of creating innovation. Technology allows them to build quick prototypes and test early with their user base to get feedback on new value propositions. Digital transformation is often taken up by a small team within the larger organization; the challenge is how to scale breakthrough innovation, as opposed to incremental improvements. In other words, how do we make customer-driven innovation everyone's job? This is where design thinking comes in.

In a report³ that reflected on one particular company's own implementation of design thinking, a model was built which indicated the four critical success factors needed when implementing design thinking. These success factors, while identified as a way of embedding design thinking into an organization, are also useful for organizations on the digital transformation pathway.

1

LEADERSHIP

- Link design thinking initiatives to your strategic goals
- Provide direction, resources and commitment

2

PROCESS

- Use the generic design thinking framework, but evolve the method and tools so they support your company's objectives

3

PEOPLE

- Enable champions to lead the change through successful lighthouse projects
- Build up an internal design thinking community where best practices are shared

4

ENVIRONMENT

- Develop and create collaborative work spaces for your workforce
- Use to co-innovate with your customers and partners

3 Design Thinking and Digital Transformation. (n.d.). Retrieved March 14, 2018, from <https://www.sap.com/documents/2016/12/4086a5d3-9d7c-0010-82c7-eda71af511fa.html#>

In an essay⁴ specifically looking at the application of design thinking to digital, Faisal Hoque reflected on what he has learned over the years applying design thinking to the organizations he has worked with.

In applying design thinking, Hoque encourages organizations to adopt a well-structure process. Indeed, this notion of process is something that we will be discussing later on in the Digital Strength program. At this stage in the program, it is sufficient to say that Hoque's methodology sees organizations initially adopt a basic framework for their exploration. Secondly, it sees them redesign the organization to create "muscle memory" for agility and adaptability. As the final step in the process, there is a discovery phase where new technologies can be applied to the previously identified problems.

The notion of changing the organization is a key concept here. It might sound like a strange sort of an analogy to use, but digital transformation within an organization is a little bit like dieting. Take a walk into any book store (or, for those more aligned with digital channels, go visit Amazon.com) and you will see a huge range of books and magazines related to dieting.

Most medical practitioners and dietitians, however, agree that dieting doesn't work. Instead, individuals need to change all the elements of their lifestyle to achieve a better level of wellness. Exercise, stress, work/life balance, and diet are all components of overall health.

Further, going on a diet for a few weeks doesn't really work. Longer term health goals are achieved by changing the way we live – not as a temporary measure, but on a permanent basis.

Digital transformation is similar. Throughout the Digital Strength program we have stressed that, rather than a technology process, digital transformation is about looking at the organization holistically and rethinking every part of it within the context of new business models, new approaches, new systems, and new technologies.

To do so effectively, and to implement the changes and execute upon the opportunities

4 Hoque, F. (2017, May 30). Why Design Thinking Is Critical For A Digital Future. Retrieved March 14, 2018, from <https://hackernoon.com/why-design-thinking-is-critical-for-a-digital-future-a724072e951d>

that digital brings, requires a culture shift for most organizations. Whereas traditional organizations are fairly static, approach strategy from a top-down perspective, and want to quantify all variables before embarking on a course of action, a modern business doesn't have the luxury to approach things this way.

A hugely dynamic environment, a less hierarchical approach towards decision making, and an attitude of embracing the unknowns are now a requirement to move at the speed organizations need to muster.

While there are some standard approaches to digital transformation, every organization has a unique set of attributes – both internal and external – that will affect how it embarks upon the process. That is why we believe it is appropriate to apply tiers to the transformational process.

III. Tiers of Transformation – Identifying the Starting Point

Not every organization is the same. Embarking on a digital transformation journey is akin to our previous analogy of dieting. Every individual has a particular context that will result in a very different individualized approach to dieting. Does someone want to diet for health reasons, an illness or an allergy? Or is weight loss their driver? Or is there some other specific reason – maybe a bodybuilder – is looking to a diet in order to bulk up? Each individual will respond best to a different dieting plan.

In the same way, not every organization that seeks to apply digital to its systems, processes, people, and products is going to start from the same spot. For some organizations there may be a very immediate and pressing problem that they're looking to solve. Maybe it involves giving a mobile workforce the ability to perform some of their key sales-related tasks while on the road.

For others, digital is all about delivering some product-focused innovation in response to a competitive situation. Perhaps a competitor in the space has just rolled out a new business model and the organization need to quickly respond. In this instance, digital strategy or innovation might be the enabler of that response.

For yet other organizations, digital is more of a fabric that the leadership wants to apply to the organization at large in order to arm it for the world ahead. Maybe the organization is in a good spot making money and enjoying a committed customer base, but the leadership has wisely taken the time to look deeply into the future and decided that some clouds are rolling in from the distance. These prescient leaders may have decided that applying digital to the organization sooner rather than later is a smart move. In this situation, digital is used as an enabler for a proactive, rather than a reactive, response.

It should feel increasingly apparent that when an organization is embarking upon, or continuing on, its digital journey it is important to think about what is actually trying to be achieved.

TIER ONE - DIGITAL AS A DRIVER FOR BROAD BUSINESS REINVENTION

In an ideal world, digital transformation could have the space and breathing room to be run as a longer-term and deeply strategic method within the organization. And for newer organizations, or those without significant legacy systems and processes, this can indeed be the case.

These organizations have the luxury of being able to immerse themselves in "blue skies" opportunities without the constraints of having to think about business as usual.

For these organizations, the sky is truly the limit. The full extent of digital transformation best practices can be applied, and design thinking should be the modus operandi that they use.

The sort of methodologies we have detailed previously around organizational redesign and design thinking are the right approach here. If the aim of the process is to rethink every part of the business, then the framing and foundational steps are key.

Referencing Hoque's article⁵, he opines that the basic framework organizations should apply when thinking at this level has a four-step approach:

5 Hoque, F. (2017, May 30). Why Design Thinking Is Critical For A Digital Future. Retrieved March 14, 2018, from <https://hackernoon.com/why-design-thinking-is-critical-for-a-digital-future-a724072e951d>

1. Research. Do extensive cross-industry market research, both qualitative and quantitative, to understand current and changing customer behavior.

2. Define. Define the problem that needs solving.

3. Ideate. Consider many options from many perspectives, disciplines, and sources. Design thinking requires multiple iterations of idea generation before picking the ultimate winning idea.

4. Execute. Develop rapid prototypes to gather feedback from stakeholders. Once the final solution is refined and approved, an execution plan is then produced to move forward.

With that framework in place, and with an ambition of really rethinking the way the organization works, it is time to change the organizational DNA. Later in the Digital Strength program we look at the organizational factors in depth, but the key takeaway at this stage is that, if truly transformational change is desired, the organization needs to embrace the idea of agility.

This isn't about an annual offsite or irregular idea days, this is about embracing the idea of agile on a day-to-day basis. Change must be woven into the fabric of the organization. It's a big challenge, and we acknowledge that for some organizations a more ad hoc approach works best. For those organizations, discrete projects may be the best way to approach the digital transformation opportunity.

TIER TWO - LEVERAGING DIGITAL TO SOLVE POINT PROBLEMS

Some organizations have a very real, and very current problem that they need to resolve. For these companies, while a conversation about the broader opportunity of digital is interesting, far more critical is to resolve their issue today.

Yet other organizations, while aspiring to driving broad organizational change, recognize that "boiling the ocean" is impractical and that finding some quick wins is a way to prove the value and applicability of digital to their organization.

In building the Digital Strength program we have been mindful that different organizations have differing contexts and needs and that we need to include and embrace all the

different situations. It is neither practical, respectful, nor viable to dismiss the short-term requirements of some organizations and suggest that fulfilling these interim requirements don't help them on their broader transformational journey. The fact of the matter is that for some organizations, there is a very real existential issue that needs to be resolved. This may put a deeper discussion to the side, at least in the short term.

We believe, however, that there is a way of reconciling the short-term requirements with the long-term opportunity to more broadly apply digital across the organization.

In the same way that effective organizational management has the ability to both focus on day-to-day issues, while simultaneously taking a strategic look at the future of the organization, so too should digital transformation process be split in organizations.

The key is to apply the same sort of behaviors, cultural aspects, and organizational patterns to short-term opportunities that are applied to the longer-term ones. Transformation of a specific process, system or touchpoint is – in essence – a micro-implementation of broader organizational change. It is for this reason that similar frameworks and approaches should be applied. While the stakeholders involved in the process, the budget assigned to the task, and the impacts of the change may be less impressive, it is still important to approach the task prudently.

Maybe that is via a simple example like an expense reimbursement or leave application process – discrete examples that prove the value of digital more broadly within the organization. Whatever process is chosen however, think of it both as an opportunity to change discretely, as well as a proof point for digital more broadly.

About HelloSign

HelloSign is powering the future of intelligent business. The company's software platform — which includes eSignature, digital workflow and electronic fax solutions — converts process to revenue for over 60,000 companies around the world with HelloSign, HelloFax and HelloWorks.

About Ben Kepes

Ben Kepes is a business leader, a technology evangelist, an entrepreneur, and a commentator. Ben covers the convergence of business and technology. His areas of interest extend to leadership development, startup activity, digital transformation, and enterprise software, as well as articulating technology simply for everyday users.

He is a globally recognized subject matter expert with an extensive following across multiple channels. His commentary has been published on Information Week, Computer World, Forbes, Wired, ReadWriteWeb, GigaOm, The Guardian and a wide variety of publications — both print and online.

Ben's insight into the business of technology, and the technology of business has helped organizations large and small, buy-side and sell-side, to navigate a challenging path to a successful future.

Ben is passionate about technology as an enabler and enjoys exploring that theme in various settings.



Course IV – Who is Responsible for Digital Transformation

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