

## How to create a digital transformation strategy

**A digital transformation strategy goes beyond adopting new technology or upgrading IT systems. It outlines your organisation's steps to leverage emerging technologies to achieve core business objectives. Think of it as a roadmap that explores where you are now, where you want to be and how you'll get there. You can plan and implement in-house or use digital transformation consulting services to help.**

A **digital transformation strategy** means reimagining how your organisation operates and how you reach your customers. It can impact all business areas and involve your people, processes and the technologies you use.

Some typical benefits of a digital transformation strategy are:

- **Customer-led approach** – focuses on the customer and how digital disruption could impact their behaviour.
- **Improved customer journeys** – implement an end-to-end approach to conceive and deliver each customer's outcome.
- **Data-driven insights** – evidence-based insights to develop a sustainable business advantage.
- **Drive growth** – can drive growth by providing on-demand services, empowering employees, improving security and aiding faster decision-making.
- **Increased agility** – organisations may be able to react better to threats and exploit opportunities.
- **Increased profitability** – organisations leading with digital transformation may be able to drive increased revenue while reducing costs.

A **digital transformation consultant** can support unlocking digital opportunities – learn more about how to find great management consulting services.

## How to build a digital transformation strategy

Many digital transformation projects don't come to fruition without expert support, so it's important to have experienced people on your team who understand the process.

According to a McKinsey report, almost 70% of digital transformation projects fail, while another report found that just 16% of business leaders say their digital transformations successfully improved performance.

However, following a few simple principles can reduce the risk of projects failing. The steps involved in building a successful digital transformation strategy include:

- Defining goals and vision
- Mapping out the technology you'll need
- Defining the investment required
- Establishing ways of working

Need help? Our **digital transformation consulting marketplace** can help you find the right consultant to support your objectives.

## 1. Defining digital transformation goals

One of the biggest challenges of digital transformation is getting everyone inside an organisation to agree on the 'why' of doing it.

Start by setting a digital transformation strategy by identifying your business needs and goals.

The more specific and considered the goals and the benchmarks, the better your strategy's chance of success. Consider your short and longer-term (5-10 year) business goals.

Common goals for digital transformation include:

- Delivering better customer service
- Creating a competitive advantage
- Improving the experience of your employees
- Reducing costs
- Improving data security

Agree on frequent, consistent measurements to ensure that work is on track.

Set clear milestones and start with low-hanging fruit. Share the digital transformation roadmap with senior stakeholders and update them through detailed communications plans.

## **2. Put people at the heart of your digital transformation strategy**

Digital transformation affects every part of a business, particularly employees.

People sit at the heart of any organisation and can resist change, so it's worth investing time and energy to encourage them in the direction the organisation is heading.

Think about how you can positively drive cultural change.

Senior leaders' support can help you sell the vision to the rest of the organisation. Consider building a team of organisational change champions. Pick employees with solid people skills who can encourage and tackle resistance. They can help you to create a culture that understands and is responsive to digital transformation throughout the organisation.

Every employee should understand why digital transformation is happening and what behaviour changes are needed to support the project's success.

If budgets allow, consider hiring a Chief Digital Officer to coordinate the digital transformation. For smaller budgets, a digital transformation consultant can be a valuable addition to the programme – start your search with Portevo here.

You may also wish to review whether you need additional skills within your organisation. Are there gaps in digital skills and competencies? If so, how will you fill these? Are you hiring new people, or can you upskill existing staff as part of your transformation programme?

Read our guide on designing a customer experience (CX) strategy.

### **3. Lighthousing – smaller projects to prove digital transformation**

Easy wins can set you on the path to digital transformation.

A helpful tactic is to deploy 'lighthouse' projects. A lighthouse project is a small-scale project that looks at the big-picture project and is the beacon for the future of digital transformation.

A lighthouse project is:

- Designed to be visible across an organisation
  - Touches multiple areas and so can unlock resources for future projects
  - Is a change agent that proves the concept of digitisation
  - Has a hard deadline, so there is an incentive to break down barriers
- Lighthouse projects have the potential to be popular with customers and, on average, can deliver cost savings of up to 40% and a five per cent increase in ROI.

Defining your lighthouse project early is helpful as it highlights new ways of working, including agile approaches.

An agile digital transformation roadmap aims to deliver progress over perfection. By using an agile methodology, organisations learn from each iteration and adapt to demands and needs, which reduces the risk of failure.

Using agile empowers organisations to start digital initiatives and learn from them.

## **4. Mapping out the technology you'll need**

Once you have outlined your business goals, you can create a strategic roadmap to help you achieve that vision.

You need a clear technology roadmap that outlines the technologies you currently have, as well as any digital transformation consulting support that might be required. This will ensure that your digital transformation initiative is successful.

It's important to have a plan for how you'll get from A to B. This may include new infrastructure, recruitment, tech stack updates or a switch to a more agile way of doing things. The roadmap should be adaptable and evolve with the changing priorities of the digital landscape.

Some of the established and emerging technologies you might want to consider are:

- artificial intelligence and machine learning
- cloud-based computing (including security requirements)
- data security tools, including 3D authentication
- mobile (including apps).

Read our guide to what to look for when choosing an e-commerce consultant.

## **5. Seek partnerships to deliver digital transformation**

While driving digital transformation does require internal change, you may still need external partners to help guide and shape the transformation process to ensure its effectiveness.

**Digital transformation consultants** can help you accelerate digital transformation, but they don't replace your Chief Digital Officer or your Chief Technology Officer. Instead, they serve as a trusted advisor with experience and expertise in strategy, technology, and change management.

A digital transformation consultant can help with:

- Pathfinding and identifying technology trends and developments
- Supporting platform development and deployment
- Identifying technologies to deploy and building a business case on implementation
- Developing a technology roadmap and critical adoption path
- Identifying and mitigating risks such as data processing and technology migration

There may be specialist roles where digital transformation consultancy can help, including project management, leadership, application support, knowledge transfer, data analytics and security.

Read our guide on hiring a management consultant.

# How will you know if your digital transformation is successful?

Set out measures for success early on in your digital transformation journey, and know how you'll measure yourself against those objectives.

You should look at internal and external measures of success.

For example, you may want to measure employee and customer satisfaction, cost savings and increased revenues. Other metrics will relate to the digital transformation process, such as establishing new ways of working and automating transactions and operations.

Need digital transformation consulting support? Learn more about Portevo's innovative consulting marketplace that ensures you find the right consultant for your project.



**Employee engagement can play a pivotal role in the success of implementing organisation-wide change. By fostering employee engagement in the change management process, you can ensure that they are bought into the process and won't act as blockers to success. This will help create a more positive and productive work environment for everyone involved.**

## **Why employee engagement matters**

Employee engagement is viewed as 'very important' to achieving overall organisational success, according to Harvard Business Review's The Impact of Employee Engagement on Performance.

The same report found that a highly engaged workforce increases:

- Innovation
- Productivity
- Bottom-line performance

On the other hand, employees who are not invested in change outcomes may express negative opinions about proposed business changes, which could have a domino effect and negatively influence other staff members.

The role of employees in change management is vital. So how do you keep employees engaged, motivated and happy, particularly during change?

## **How might change impact employee engagement?**

Recognise that change can be unsettling for employees. According to a US study, workers going through change were more than twice as likely to report chronic work stress than employees who reported no recent, current or anticipated change.

Individuals or groups may resist change. McKinsey estimates that “70% of change programs fail to achieve their goals, largely due to employee resistance and lack of management support”.

According to the CIPD, employee resistance typically stems from the **content of change** (such as new technology) or the **change process** (how change is introduced).

The CIPD notes that resistance isn't necessarily negative but can act as the canary in the coal mine that prompts organisations to rethink initiatives and employee engagement.

## **How to communicate change to employees during times of change**

Good communication with employees is vital during periods of change.

Tips include:

- **Explain the why** – Link communications to the broader organisational vision. Explain why you're making changes and the business benefits of the change.
- **Be clear** – Explain employees' new or modified responsibilities. Share timelines for change, and how and when you'll communicate with employees.

- **What's in it for me?** – Let employees know how they will benefit from the change.
- **Be transparent** – You won't always have all the answers, but during periods of change, it pays to be open and honest. Let employees know it's OK to ask questions, but be candid about what you do and don't know.
- **Listen carefully** – Hear employees' concerns about changes and provide detailed responses, even if you don't have all the answers.
- **Communicate, communicate, communicate** – Keep communications channels open. In a hybrid environment, channels such as Slack, Microsoft Teams, and company intranets can help keep communication channels open. However, watch out for rogue channels that spread dissent.
- **Workshops** – Run workshops to inform staff about change and make them part of the process. Dialogue boosts engagement and may spark ideas leaders haven't considered.

## **Quick wins – demonstrating early success to employees**

Change, especially cultural change, can take months or years, and it can be hard to sustain optimism and enthusiasm.

It is helpful to generate short-term wins to keep the momentum going, such as:

- Link changes to previous positive developments.

- Implement ways of recognising employees that respond positively to the changes – it may be possible to engage them as champions within the organisation.
- Identify small steps along the way and milestones you can celebrate.

## Tips for boosting employees' resilience to change

Leading through change requires building resilience in your teams. Better resilience can also reduce stress in the workplace, improving well-being and promoting teamwork.

Workplace resilience is an employee's ability to cope with diversity, which is essential to individual, team and organisational success.

Resilience protects your people from issues such as emotional exhaustion, psychological distress and burnout.

You can take a proactive change to increase resilience:

- **Encourage professional connectivity** – Positive and healthy organisational relationships can boost resilience. Encourage leaders to connect about leading change programmes and provide space for employees to communicate during change.
- **Listen to your employees** – Acknowledge that resilience levels, especially during transition, will vary by individual. Some

employees may thrive on change, while others will find it unsettling.

- **Create an honest, positive and realistic vision** – Help employees see the positive outcome of the change, which can reduce anxiety.

## **Learning and development to help employees cope with change**

For those leading the change, you could consider training around guiding, supporting and motivating teams during a transition.

You could also provide information for staff on building resilience.

For example, you could run internal webinars and workshops for coping with change.

Read our guide on the benefits of using a management consultant.

## **Practical tips for driving organisational change**

Change champions can help embed positive change across an organisation. They are employees that champion the change you want to see across your organisation. They don't need to be change management specialists but people who know the business well.

They should be able to influence and empower people around them. They may be senior managers, middle management or frontline workers.

All champions should have a mindset for growth and the ability to lead.

You may wish to create a formal network of change champions.

Other tactics you could use include rewarding positive behaviours.

Where changes link to organisational strategies, vision, mission and values, there is potential to bake it into individual and team objectives.