10 Steps to Digitally Enabled Business Transformation

Taking a strategic management approach towards your digital enterprise transformation

CXO
TRANSFORM

Introduction

With the digital transformation conversation and hype at an all-time high, for anyone charged with their organisation's digital transformation journey, it can be like drinking from the fire hose. It is important to avoid any one digital technology from influencing your digital transformation roadmap.

Transformation leaders who want to plan a journey towards a digital transformation roadmap need a structured approach that will also demonstrate measurable business value to their stakeholders.

Your organisation will have a corporate strategy driven by the CEO (or equivalent) and while that strategy needs to be achieved, everything that falls under that strategic umbrella needs to contribute to the achievement of that strategy.

Digital transformation possibilities can help shape strategy, but that conversation is beyond the scope of this paper. For now, let's focus on how best to leverage digital technology, to help achieve business goals, and to create the transformation roadmap for doing that.

The hard facts about transformation

For a multitude of very common reasons, 70% of transformations do not succeed. They result in extended timelines, massive reductions in return on investment, poor relationships between the business and IT, and an experience that most would happily escape from.
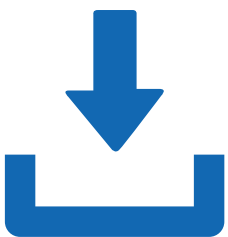
Without going into detail, these dismal results are down to a lack of business transformation management capability. If that level of management is inadequate, cracks at the lower programme management, project management and workstream levels will also appear.

Doing digital transformation right

Among other things, the steps described in this guide are designed to address the capability issue, because regardless of company type or digital technologies, capability maturity levels will determine how successful any transformation will be, and the value it will add to the business.

The following pages outline the steps towards creating your business orientated digital transformation roadmap.

The approach described in this guide is based upon the Digital Capability Framework (DCF) and the Business Transformation Management Methodology (BTM²). You will discover more about these in steps 7 and 8.

Digital Capabilities Assessment

With digital capabilities defining the success or failure of any digital transformation, it is important to gain a good understanding of how your company already leverages digital technology.

Using a Digital Capability Maturity Model, a set of six digital capabilities are individually assessed to enable you, and stakeholders from IT and the Business, to determine the current level of digital maturity.

The six digital capabilities to be assessed are:

- Innovation Capability
- Transformation Capability
- IT Excellence
- Effective Knowledge Worker
- Customer Centricity
- Operational Excellence

Note that the six capabilities are made up of transformation enablers and business goals, providing the perfect opportunity for IT and the Business to collaborate from the outset.

A simple heat map can be used to capture, communicate and analyse the as-is state of each of your six digital capabilities. This will result in six separate heat maps.
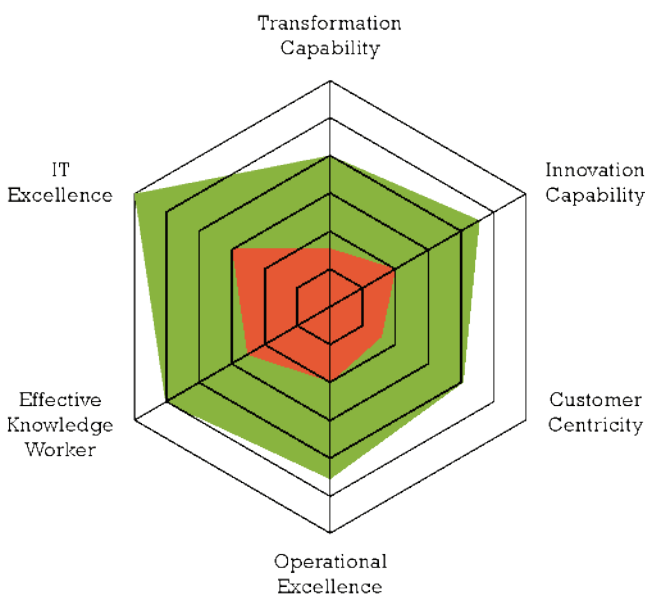
By transferring the heat map data into radar charts, you and your teams from IT and the various business functions can understand the current six digital capabilities, and then plan and prioritise the attainment of higher maturity levels

Digital Use Case Mapping

In the context of digital transformation, digital use cases are practical scenarios that describe how to reach a particular goal, namely the goal of maturing a digital capability.

Digital use cases help you close the gap between where your digital capabilities are now, and where they need to be. Because technology has a unique place in each of the six digital capabilities, multiple digital use cases can help companies improve each of them.

Using the results of the digital maturity analysis in step 1, you should facilitate the creation of appropriate digital use cases with a team made up of both IT and Business leaders. As you will notice, the collaboration between IT and the Business continues from step 1, making this a true collaborative effort, as opposed to something that IT will propose to the Business later.

A Digital Capability Framework will help your team gain a better understanding of how the different application areas impact the digital maturity of their business. The team will map each digital use case to the maturity level of the digital capabilities that were assessed in step 1.

This provides transparency of the potential improvement areas.

Digital use cases should consist of at least the following charcteristics:

1. Description
2. Current Situation
3. Value Proposition
4. Benefits

You might also consider adding Risks.

Innovation Capability	Transformation Capability	IT Excellence	Customer Centricity	Effective Knowledge Worker	Operational Excellence
Multiple Digital Use Cases	Multiple Digital Use Cases	Multiple Digital Use Cases	Multiple Digital Use Cases	Multiple Digital Use Cases	Multiple Digital Use Cases

Benefit Analysis

Once you have defined your digital use cases, the impact of the transformation needs to be analysed and each digital use case will help you do this by illustrating why your organisation needs to change, and why it needs to change now.

Understanding what can happen if the organisation does not change now, is also a key component of this step.
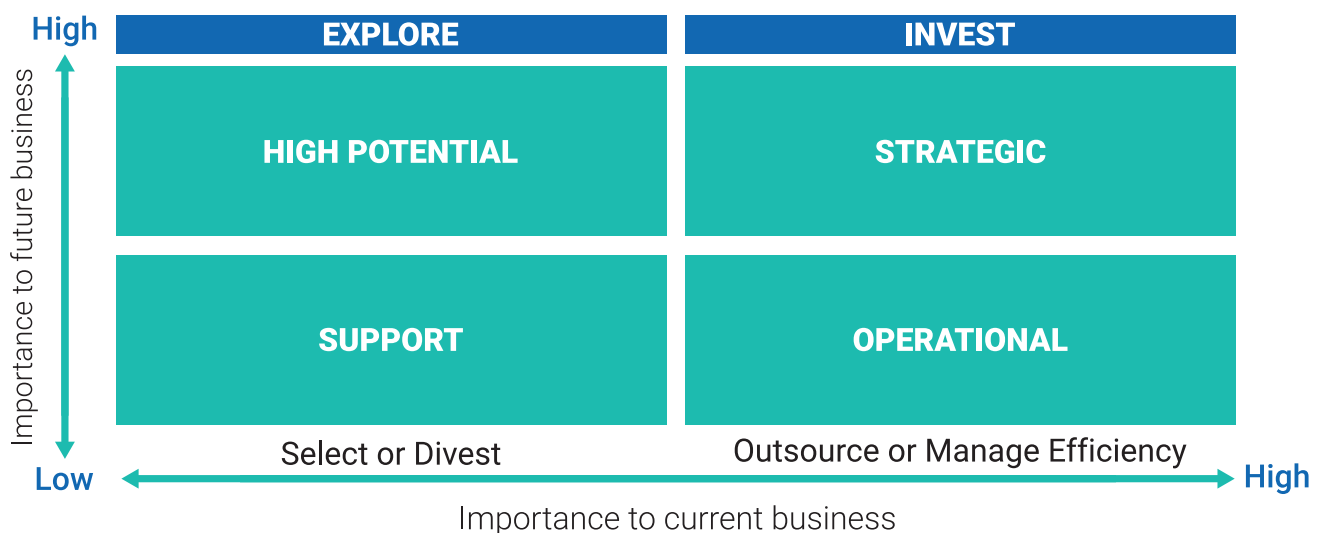
Your digital use cases need to be classified according to their impact and the nature of their business and organisational changes.

Some potential changes will solve problems, and some will provide innovative ways If leveraging new capabilities or opportunities.

Your digital use cases can be strategic or operational, or a combination of both.

Strategic use cases need your attention to be focused on innovation, to gain competitive advantage.Your workshop team should answer the question, "what might be crucial to create competitive advantage?"

Operational use cases need your attention to be focused on solving problems such as reducing inefficiencies to remain competitive. Your workshop team should answer the question, "what might provide us with greater efficiencies"?

	EXPLORE	INVEST
High (Importance to future business)	HIGH POTENTIAL	STRATEGIC
Low	SUPPORT	OPERATIONAL
	Select or Divest	Outsource or Manage Efficiency

Importance to current business — Low ← → High

Business Priority Assessment

Every digital use case will provide different benefits to your organisation, some of which will have enormous impact, and some that will help you solve minor issues. These all need to be prioritised by your team in order define the priorities for your digital transformation.

You should define your priorities by assessing the business benefits and implementation costs of each use case and plot them onto a matrix like the one shown below.

Digital use cases that require little effort but deliver significant business benefits should be seen as quick-wins that can be realised rapidly, while those requiring significant implementation effort but with minimal business benefit should be sidelined – at least for now.

Digital use cases that are easy to implement but do not provide significant business benefits should only be realised if the resources are available and not required for a transformation initiative of higher priority.

Digital use cases requiring significant implementation effort but also providing significant business benefits are key cases that require extra special transformation planning and execution.

High

Business benefits

MUST HAVES	QUICK WINS
DON'T TOUCH	LOW HANGING FRUIT

Low   High

Ease of implementation
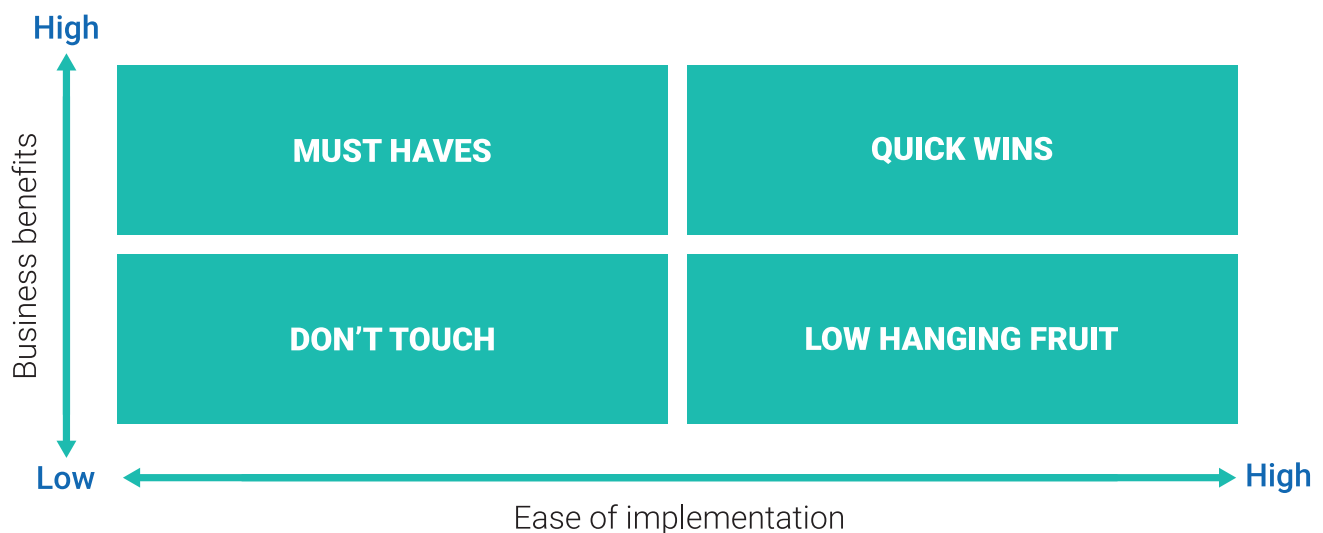
Digital Transformation Roadmap
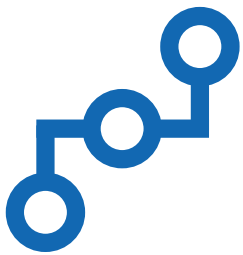
After establishing a clear understanding of the benefits of your individual digital use cases, it is time to define your digital transformation roadmap, which needs to be agile enough to cope with future digital change.

Consider a strategic timeframe to establish your roadmap duration. Then map the digital use cases that are candidates to develop into businesscases, and then projects or programmes.

Depending on the outcomes of the previous steps, your roadmap could well be made up of digital use cases that will deliver value towards achieving improvements in customer centricity, effective knowledge worker, operational and IT excellence.

Designing your roadmap will require input from a broad set of stakeholders so be sure to invite them to your workshops. Remember that you are plotting digital use cases onto the roadmap, each of which eventually requires a business value.

If you are wondering why technology projects are not being mapped, remember that transformation is about the business, so you should map the digital use cases, which provide business outcomes. Do not get tempted into creating a technology solution focused roadmap.

The digital use cases are the basis for the definition of the projects and programmes within the digital transformation.
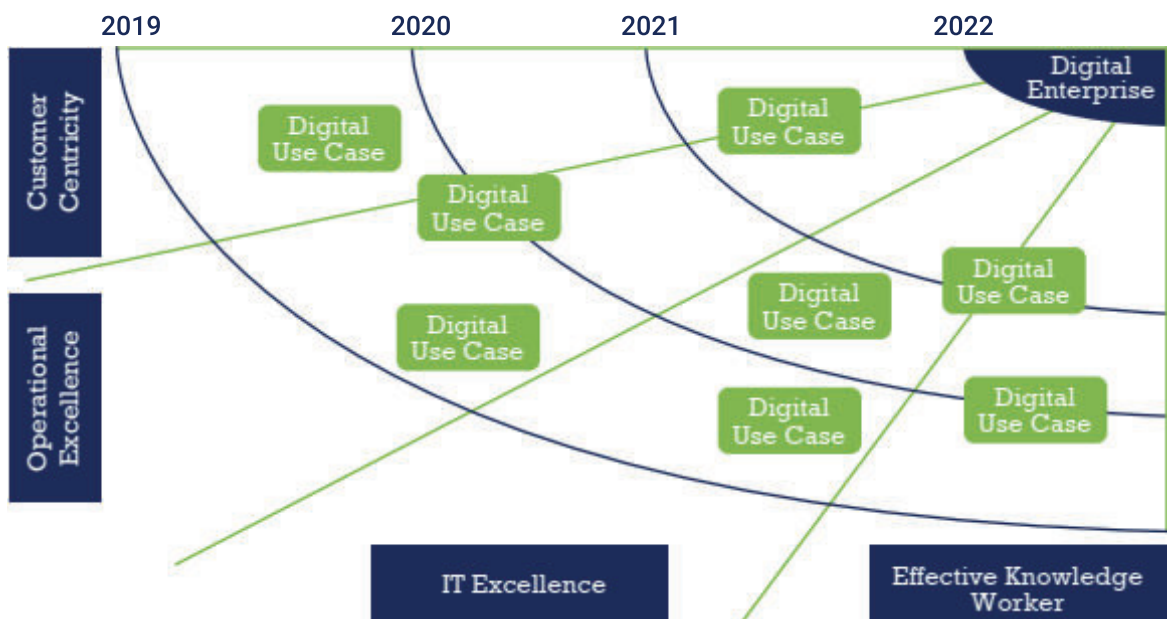
Business Case Development

You need to develop a persuasive business case if you want each of your ideas to go anywhere, and your primary goal is to help people decide whether to invest resources.

Business cases need to be developed for every digital use case that you would like to realise, and they should capture and describe the value of the planned investment, and how the initiative will provide a convincing return on the investment.

It is important that the benefits described in the business case should then be tracked and managed through to actual realisation, providing stakeholders at every step of the transformation journey with confidence in the decision they made to support your business case.

Your business case is the vehicle that clearly demonstrates the value you are able to provide. Faced with the inevitable stakeholder dynamics, your business case needs to be water-tight and so convincing, that it would be difficult for anyone to stand in its way.

It is essential that you are effective at spelling out the business need, aligning your case with strategic goals and building the right team to shape and test your idea.

The right business case tools will enable you to calculate the return on investment, analyse and articulate the risks and opportunities, gain support, present your case to stakeholders and secure the resources you need.
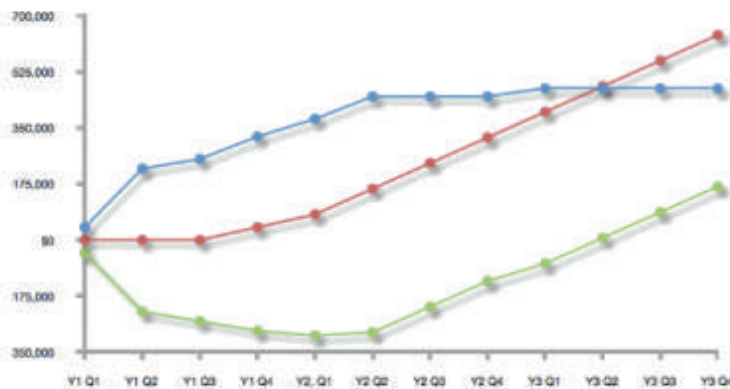
1. **Executive Summary**
2. **Business Need**
   - Statement
   - Analysis
3. **Project Overview**
   - Options
4. **Schedule**
5. **Impact**
6. **Risk**
7. **Financials**
   - Costs
   - ROI
8. **Summary of Options and Recommendation**

Strategic Management Tool Selection

It is essential that you use a structured approach towards your digital transformation and leverage a strategic management tool that is designed for the purpose of digital transformation.

This guide draws upon the the Digital Capability Framework (DCF), which is a strategic management toolset that enables transformation executives to obtain clarity about what maturity level their organisation has in terms of six digital capabilities, what maturity level they wish to achieve, and how they plan to do that.

Digital use cases help transformation executives develop a clear picture of the processes to be optimised and the technologies that should be used; and a tailored plan to transform the organisation into a digital enterprise can then be established and implemented.
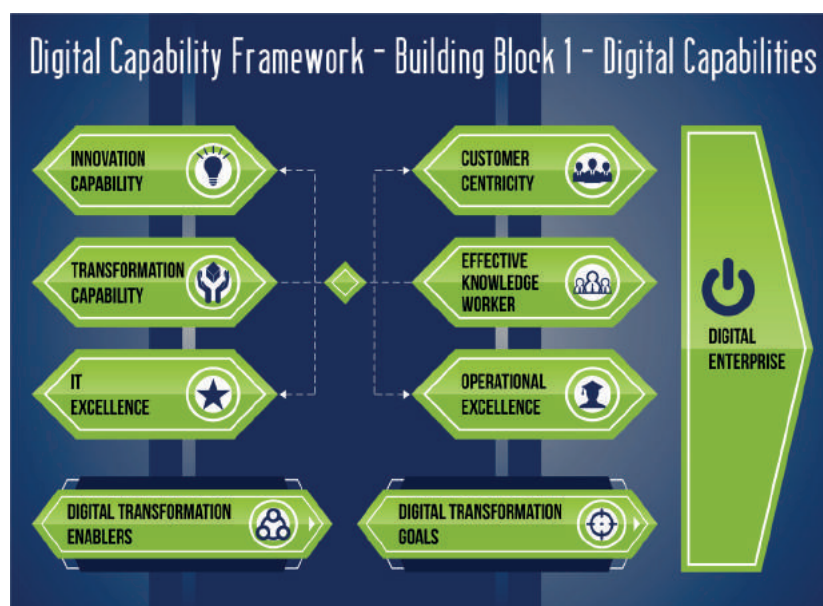
The DCF consists of these four building blocks:
- Digital Capabilities
- Digital Capability Maturity Models
- Digital Use Cases
- Digital Transformation Roadmap

Each building block consists of its own tools and body of knowledge, which particularly in the case of building block 1, is extensive.

This guide has provided a glimpse of what is inside this strategic management toolset for transformation executives.

Digital Capability Framework – Building Block 1 – Digital Capabilities

- INNOVATION CAPABILITY
- CUSTOMER CENTRICITY
- TRANSFORMATION CAPABILITY
- EFFECTIVE KNOWLEDGE WORKER
- IT EXCELLENCE
- OPERATIONAL EXCELLENCE
- DIGITAL TRANSFORMATION ENABLERS
- DIGITAL TRANSFORMATION GOALS
- DIGITAL ENTERPRISE

Business Transformation Management Methodology Selection

While considering the latest digital technologies, it is important to keep in mind that these technologies are enablers of business transformation.

When you have drafted a transformation roadmap and business cases, a business transformation management approach is required to ensure your transformation is approached in a holsitic and integrated manner.

The Business Transformation Management Methodology (BTM^2) integrates closely with the DCF and provides an integrated and holistic approach to the orchestration of the entire business transformation effort.

BTM^2 is comprised of four phases known as:

Envision, Engage, Transform, and Optimise. The methodology integrates discipline-specific technical and methodological expertise from transformation-relevant subject areas.

It is an extensive body of knowledge that addresses the following nine business transformation management disciplines:

- Meta Management
- Strategy Management
- Value Management
- Risk Management
- Business Process Management
- IT Transformation Management
- Project and Programme Management
- Organisational Change Management
- Competence and Training
  Management

Meta Management	Orchestration of individual disciplines: Guidelines, Leadership, Culture, Values and Communication							
Direction			**Enablement**					
Strategy Management	Value Management	Risk Management	Process Management	Program/Project Management	IT Transformation Management	Organizational Change Management	Competence & Training Management
As-Is Data Collection	Baseline Analysis	360° Strategic Risk Assessment	Determine Scope of Analysis	Program Planning and Governance	Business and IT Capability Assessment	Set-up & Governance	Competence Strategy
Analysis of Needs & Maturity Level	Value Estimation	Risk Identification	From Template to Bespoke Inventory	Program/Project Integration Management	To-Be Analysis	Stakeholder Management	Training Need Analysis
Design Business Vision	Detailed Business Case	Risk Evaluation	Identify Improvements/ add Attributes	Program/Project Scope Management	Gap Analysis	Change Agent Network	As-Is Analysis
Design Business Model	Agree Ownership for Realization	Define Risk Response Plan	Map Selected Processes	Program/Project Time & Cost Management	IT Roadmap Plan	Communication Management	Gap Analysis
Integrated Transformation Plan	Plan Benefit Realization	Execute Risk Mitigation Plan	Plan Process Implementation	Program Quality Management	Solution Architecture Design	Performance Management – Project Team	Curriculum Development
Business Case	Execute Benefit Realization	Risk Monitoring and Reporting	Implement Processes	Program Human Resource Mgmt	IT Deployment Plan	Performance Management - Business	Training Preparation
Organizational Model	Review and Evaluate Results	Risk Management Review	Evaluate Processes	Program Procurement Management	IT Operations & Service Optimization	Change Readiness Assessment	Training

Orchestrate The Transformation
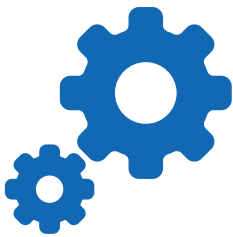
During the journey towards your digital enterprise transformation you should appoint someone who can undertake:

1. The management of the activties, workshops and information described in each of the steps outlined in this guide.
2. The orchestration of the overall business transformation, which will take place after your transformation roadmap and business cases have been approved for implementation.

If your organisation has a Head of Business Transformation, they could be the right person. Providing they have the skills, atributes and capabilities required to engage your IT and Business leaders in the various workshops, and have a good grasp of the Digital Capability Framework and Business Transformation Management Methodology, they should be able to drive the transformation effort and instill confidence in you and your stakeholders.

If you do not have this type of person available, who also has sufficient bandwidth, you might consider engaging an external business transformation management consultant to undertake the role, or simply to guide and support one of your staff-members.

# STEP 10 — Acquire Knowledge Through Recommended Reading
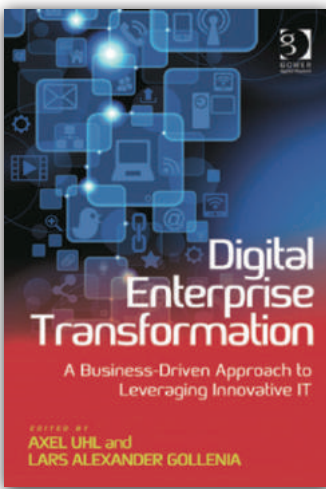
Digital Enterprise Transformation
ISBN: 978-1-4724-4854-5

This book is a solid reference for everyone involved in digital transformation, and ideal for C-suite executives and senior managers. The 300+ pages unfold the value of new technology andhow Digital Enterprises do business with these technologies.

The book describes the Digital Capability Framework (DCF), which is the strategic management toolset described in this guide that helps define a customised plan to transform an organisation into a Digital Enterprise.

The book explores the DCF and its four building blocks in detail and addresses fundamental aspects of transformation including Innovation Management, Transformation Management, IT Excellence, Customer Centricity, Effective Knowledge Worker, Operational Excellence, Digital Use Cases, Transformation Roadmaps and a Digital Capability Maturity Model.
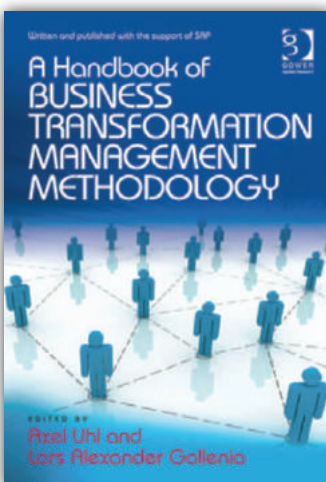
A Handbook of Business Transformation Management Methodology
ISBN: 978-1-4094-4980-5

This book provides the body of knowledge for the holistic and integrative Business Transformation Management Methodology (BTM^2) used within the Digital Capability Framework.

BTM^2 provides an emphasis on the balance between the rational aspects of transformation and the underestimated emotional readiness of employees to absorb and accept transformation initiatives.

BTM^2 business transformation addresses nine management disciplines which are: Strategy Management, Value Management, Risk Management, Business Process Management, Transformational IT Management, Organisational Change Management, Competence and Training Management and Programme and Project Management.

10 Steps Summarised

Step 1: Digital Capabilities Assessment

Step 2: Digital Use Case Mapping

Step 3: Benefit Analysis

Step 4: Business Priority Assessment

Step 5: Digital Transformation Roadmap

Step 6: Business Case Development

Step 7: Strategic Management Tool Selection

Step 8: Business Transformation Management Methodology Selection

Step 9: Orchestrate The Transformation

Step 10: Acquire Knowledge