

Enabling Sustainable Digital Transformation:

Opportunities for Organizations and CFOs

By Frank Capek, Mario Desiderio, Alasdair Trotter

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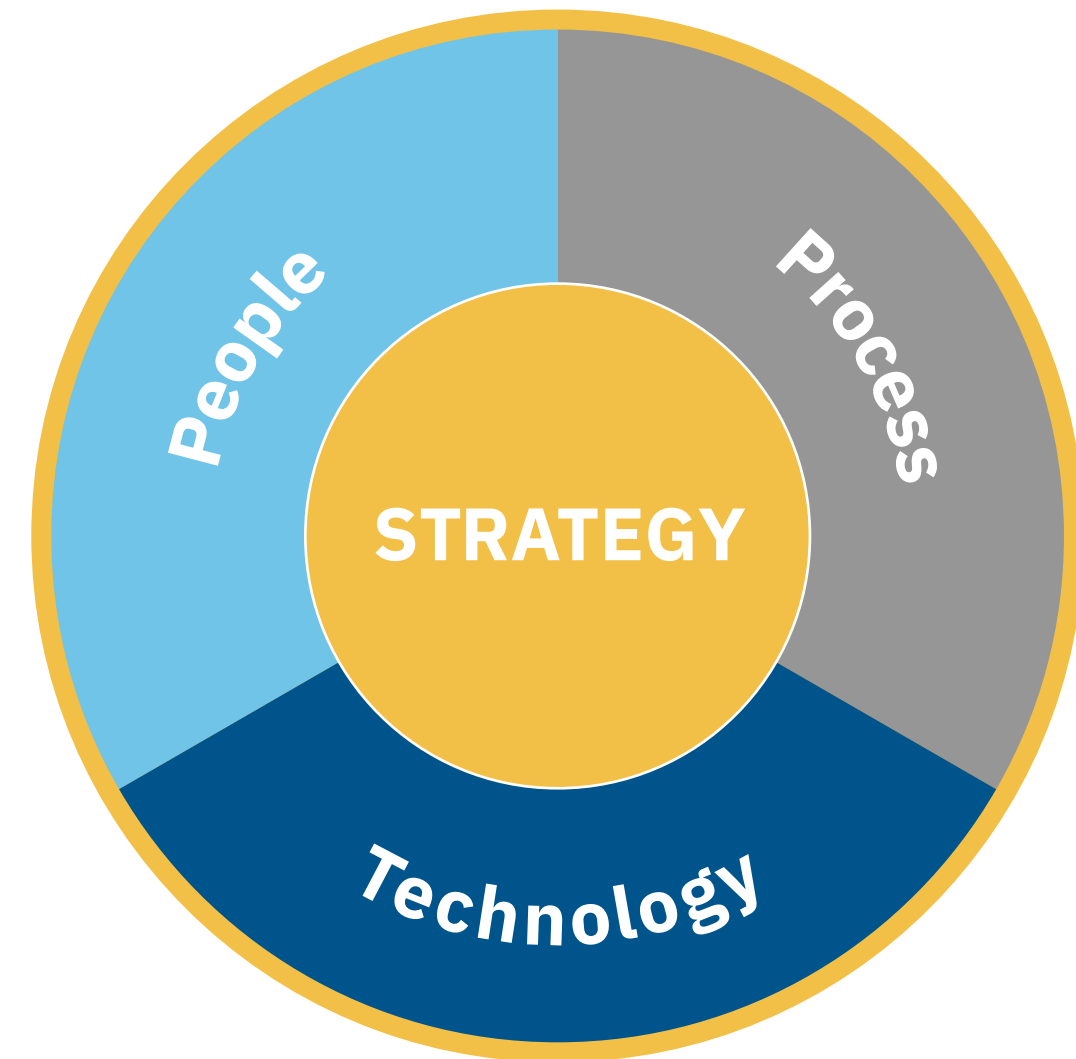
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The marketplace is moving and changing at ever-increasing speeds, and one of the ways businesses are seeking to keep up is by investing in digital transformation efforts. What separates successful digital transformations from those that fall short? The differentiator is business synchrony, or the deployment of a digital business model that starts with a clear strategy and intentionally integrates people, processes and technology to enable sustainable transformation. Organizational tension is created when any of these primary elements falls out of sync with the others (e.g., when strategy gets set aside as technical teams start implementation without a clear understanding of organizational goals or when legacy processes surreptitiously shape strategy rather than evolving to fit strategic needs). This tension is not a singular event but a challenge that must be managed over the extended length of the transformation.

[Digital transformation](#) is no longer optional; it is required of any business that wants to compete in an increasingly disrupted market. It is not a single, monolithic process that provides assurances

of a business's long-term viability. Instead, it is a complex, continuous process, driven by a plethora of factors, that requires synchronized business functions to be successful long term.

Business Synchrony



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The COVID-19 pandemic has only intensified this obligation, accelerating many preexisting challenges and complicating innovation efforts across industries. Today's digital transformation imperative has created a schism between those organizations that have successfully embraced this new frontier (leaders) and those that haven't (laggards). There are three primary domains where digital leaders have gained an advantage during these disruptive times:

- **Customer experience:** Organizations that have implemented streamlined and digitally enabled processes for sales, channel optimization, order management, fulfillment, delivery and customer service have been able to capture share from competitors with more antiquated and cumbersome processes.
- **Enterprise collaboration:** Organizations that have adopted and learned to work

in cross-functional teams leveraging digital collaboration platforms have found it easier to be effective in remote working situations that maintain higher levels of employee engagement.

- **Operations and supply chain:** Organizations that have invested in the digital automation and optimization of their internal production management and external supply chain processes and resources have been more effective in making adjustments to changing demand, product and service design, financial expectations, and resource constraints.



STRATEGY: The Linchpin

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FUTURE ENVIRONMENT

Understand the future environment and company goals and bounds.

FUTURE STATE

Envision the company's future state within that environment.

GROWTH GAP

Identify the growth gap between current and future state.

TRANSFORMATION PORTFOLIO

Align on transformation portfolio and strategic imperatives to fill the gap.

STRATEGIC IMPLEMENTATION

Define next steps with key milestones to mobilize strategy.

Deploying a Future-Back Approach to Strategic Planning

This methodology upends the traditional model for strategic planning to help organizations define their ideal future state and work backward to achieve it. When the objective is to go beyond established ways of doing things, future-back's iterative and nonlinear approach better enables organizations to recreate core business models while developing innovative new capabilities. Further, it supports business synchrony by balancing the future needs of the organization with present realities and enabling moderate investments that add up to a more comprehensive transformation.

Through leadership discussions, or strategic dialogues, leaders build alignment around the need for change and how to achieve it. This process revolves around three key steps: developing the

vision, converting that vision into strategy, and programming and implementing the strategy.

In terms of digital transformation, the intentional deployment of a [future-back approach](#) can help organizations to sidestep strategic misalignment and stay focused on the tasks at hand. Taking the time to align around the end goals of the project can also positively impact an organization's ability to achieve them. And setting a clear strategy at the beginning of your digital transformation will provide critical guidance to leaders who must make real-time decisions to keep the project on track.



PROCESS: The Enabler

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Updated, Streamlined Workflows Encourage Efficiencies

In many organizations, new technology implementations trigger process improvement projects. The inverse sequence, however, is more aligned to successful digital transformation. True digital transformation requires businesses to adapt existing processes and capabilities to align to the organization's strategic vision while also establishing new operating models for continuous improvement.

Organizational tension is created when legacy processes (e.g., sales, fulfillment, service, workforce management/collaboration, operations, financial and supply chain, etc.) are indiscriminately digitized without intentional consideration of how these workflows might be enhanced or modernized. Achieving organizational

standardization across these critical processes enables business synchrony and unifies the organization toward its goal of [fundamental transformation](#).

As enablers of this evolution, updated processes that align to the road map should be analyzed in advance of a technology implementation to ensure they deliver optimal functionality based on best practices and ongoing feedback from the boots-on-the-ground experts who are involved in the day-to-day management and execution of associated technology-enabled workflows. The required process improvements should emerge organically as part of strategic future-back dialogues and should focus on meeting short- and long-term business needs. [Automating outmoded processes](#) — as a stand-alone project and not part of a synchronized, enterprisewide effort — will not deliver improved outcomes.

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PEOPLE: The Driver

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Reskilling and Change Management Support Organizationwide Adoption

It is also important to accurately assess your organization's capacity and culture for change. Digital transformation, by design, requires people to change their behavior, enhance their skill sets and shift their mindsets. An organization's executives, leaders and staff are the driving mechanism of business synchrony that makes sustainable digital transformation possible.

Organizational tension exists, though, when employees are not equipped to function effectively in a more digital environment or project leadership does not intentionally integrate the principles of change management and leadership in order to manage resistance. For ongoing benefits to be achieved, staff must support the change.

This requires upfront buy-in as well as strategic [two-way communication](#) and ongoing training and development. Without engaged people driving digital transformation, the other elements of business synchrony become impossible.

“Organizations that succeed at digital transformation will establish a shared vision of change to propel the business forward.”

The goal is to create a change-ready culture wherein well-trained employees accept that change is a constant and adjust their thinking to embrace transformation as an ongoing evolution. [Establishing change-ready behavior](#) will not come through executive mandates or communication alone (though both are important). This

capability requires all employees to understand why their involvement is required and how it will shape the future of the business.

Gaining organizational commitment and support from the top down is a critical element of change. Organizations that succeed at digital transformation will establish a shared vision of change and a robust employee training program to propel the business forward.



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The Role of the CFO in Digital Transformation

Chief financial officers (CFOs) are in a unique position to provide valuable perspectives when it comes to digital transformation.

The vantage point of the CFO extends from the business's finances to the overarching strategic direction, giving them a comprehensive picture of the organization's strengths, weaknesses, opportunities and threats. The finance function is also typically involved in long-term planning and is aware of enterprise merger and acquisition (M&A) activity that could impact the company's strategy for integration and transformation.

With their view of the company's financial position and plans for expansion, the CFO is the natural leader of the transformation journey.



TECHNOLOGY: The Accelerator

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Synchronized Systems Enable Continuous Improvement

Ensuring the intentional integration of a cutting-edge platform (technology) with updated workflows (process) that align to a clear organizational vision (strategy) can help to eliminate gaps in alignment that are often created by a siloed team structure (people), ultimately allowing the organization to achieve connected end-to-end systems (business synchrony). Organizational tension is created when leaders allow technology implementations to overshadow or supersede other, more foundational, elements of business synchrony.

Implementing a new system for the sake of acquiring the latest technological advancement is not enough. Technology, when implemented strategically, accelerates digital transformation. But to sustain positive improvements long

term, businesses must also optimize these tools to enhance and support critical processes.

Digital transformation requires the integration of strategic business technologies (e.g., [enterprise resource planning \(ERP\)](#), [enterprise performance management \(EPM\)](#), human capital management (HCM) and [customer relationship management \(CRM\)](#) systems) as well as a thorough review of the established application of technology and a willingness to rethink its alignment to desired future-state processes.

“With a synchronized set of systems in place and working in tandem, organizations are better equipped to manage disruption, reduce friction, break down silos and increase their agility.”

Along with this shift in thinking, cloud applications can also accelerate the time it takes to realize the benefits of a digital transformation by providing actionable insights, predictive analytics, increased efficiencies, improved accountability and enhanced alignment, among other improvements.

Businesses must be smart about the ways they leverage technology. With a synchronized set of systems in place and working in tandem, organizations are better equipped to manage disruption, reduce friction, break down silos and increase their agility. Those businesses that cannot or will not respond in a timely manner will be left behind.

It is critical to remember that the implementation of new technology is not the end goal of digital transformation; it is merely one component of business synchrony that can be leveraged to accelerate momentum. Go-live is not the finish line — it is where the real work starts.

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Embrace Digital Transformation vs. Technology Implementation

Digital transformation, as a concept, is not new. Thirty years ago, it was about embracing the idea that businesses needed a website. Today, it's about integrating business capabilities with technology and harnessing the Internet of Things (IoT), robotic process automation (RPA) and artificial intelligence (AI) to develop a competitive advantage. One of the most critical mistakes an organization can make is pursuing transformation in which the strategy becomes increasingly disconnected from the other elements of business synchrony as the project progresses. With outdated systems and processes, businesses are fated to consistently lose market share and will find it hard to compete for top talent. The opportunity for leaders lies in ensuring that the organization does not lose

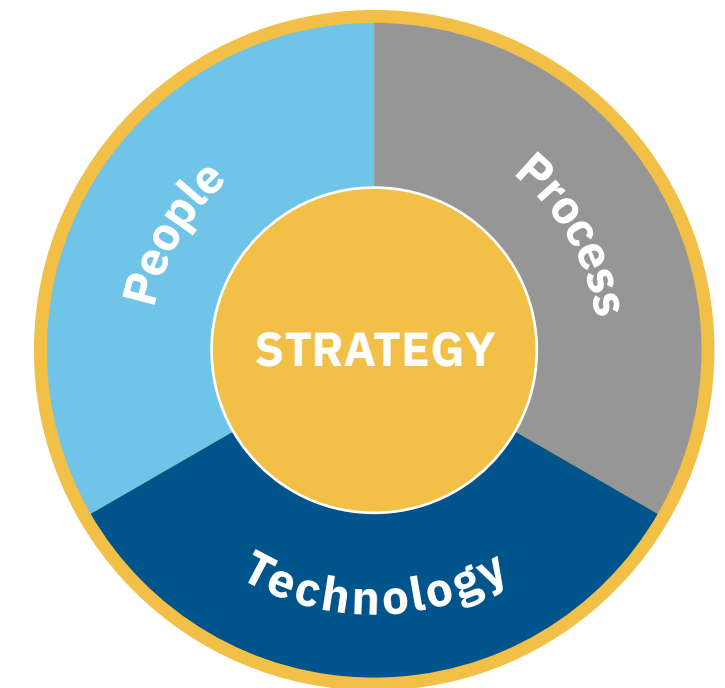
sight of its North Star goals while maintaining clear linkages to the people, processes and technology that support the effort.

“One of the biggest mistakes an organization can make is failing to recognize and catalyze the urgency, dictated by today's market challenges, for digital transformation.”

In the midst of a complex digital transformation project, it is all too easy to focus exclusively on a vital technology implementation and overlook strategic planning, the people component or the processes that will support the

new system. Yet, successful digital transformations require the synchronization of these four core elements so that they work together in harmony, connecting disparate corporate functions and breaking down barriers. These advancements, in turn, enable the continuous innovation and evolution necessary to achieve the digital transformation that is required to compete in a rapidly changing environment.

Business Synchrony



About

Authors



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