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THOUGHT LEADERSHIP

Thought-provoking and actionable insights on disruptive innovation

In Digital Transformation, Strategy is King

To succeed in your digital innovation journey, strategy must be the tip of the spear.

I would like to invite you to walk across the “Valley of Tech Death” – a technology wasteland where many businesses have poured millions of dollars, culled irreplaceable human energy and capital and extracted thousands of hours of time only to produce at best, a failed business outcome.

This real estate of technology waste is not a figment of imagination – it is real and many businesses have been through it if not created it. It is also the place of many ruined business and technology careers, not to mention endless disputes and protracted litigation.

It seems that the adage: “if we build it and they will come” is no longer true.

You know what I am talking about – those technology investments that failed to deliver their anticipated business value and ROI. The large manufacturing ERP initiative. The corporate Knowledge Management investment. The multi-site global Data Center project. The CMS platform marketing initiative. It seems that the adage: “if we build it and they will come” is just no longer true.

What are the lessons learned here? Why did these small to medium to large scale technology initiatives fail? What is the common thread that runs across these expensive projects?



CENTER OF EXCELLENCE

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THE PROBLEM WITH SILOS

One of the key reasons these projects failed is because they are “siloeed” initiatives. In other words, while they may be called “enterprise,” there was really no enterprise vision for the ideal business outcome. They also suffer from lack of business alignment. These projects are technology-driven and not business-driven; led and managed solely by the IT department which had gathered business requirements from multiple functional areas of the business. They may also involve a migration from legacy systems to a more modern and current platform. Most importantly, the charter and goal of these projects is mostly focused on cost reduction and operational efficiencies. While these are noble business objectives, they don't necessarily constitute an enterprise-wide transformation.

A few years ago, when I was consulting with Accenture and Gartner, I led and managed technology strategy initiatives, which included the following areas: network operations and infrastructure, data management, process improvement, etc. Back then, we referred to these engagements as “Technology Modernization,” or “IT Transformation” or “IT Optimization” projects.



But these were not “transformation” projects per se. Or at best, I would consider them the “first wave” of digital transformation.

IT'S NOT ABOUT THE TECHNOLOGY

In order for a technology initiative to be transformative, it has to impact at least the following areas: People, Process and Technology. And Strategy is the only way to effectively impact these areas and identify opportunities for improvement. However, most of these engagements are exclusively focused on the technology itself.

Technology for technology's sake is just not going to cut it in the digital world any longer. A “fire then aim” approach is destined for failure. As business leaders, we need to harness technology as a means to create an ideal business outcome; technology is not an end in and by itself. As Nicholas Carr pointed out, “it is simply not about the technology.”

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STRATEGY IS THE CRITICAL SUCCESS FACTOR

According to an MIT Sloan article, strategy is the critical success factor in any digital transformation. In their survey, digitally mature businesses are five times more likely to have a clear digital strategy compared to other businesses in early stages of their digital journey. In fact, a lack of digital strategy is the single most deterrent for a successful digital transformation. But not only is a clear and concise digital strategy critical, it is also important for businesses to be able to articulate strategy across the organization.

Let me sum up it up this way:

- A clear and coherent digital business strategy is critical to the success of your Digital Transformation.
- The business leadership needs to articulate the digital strategy across the organization to gain buy-in from all types of stakeholders (e.g. customer, employees, partners).

In my next article, I will discuss the other two critical components for a successful Digital Transformation: Culture and Leadership.



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