Navigating the organizational challenges of digital transformation

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May 2020

A major ingredient for the success of digital transformation is your organization's digital dexterity—the capability of your organization to create and operate a digital business. This is more than just talent acquisition, retention and training your people to become proficient with digital technologies. The real key to digital success is combining technology and talent in new ways in order to create and sustain new high–value business and operating models.

Digital success hinges on making sure digital mindsets and culture permeate the organization, with active leadership and participation within the executive ranks.

Key workforce implications from RSM's recent Digital Transformation Survey of chief financial officers:

Those lagging their peers in digital say they:

Lack best practices across key business areas (44%)

Have a technology bias toward older solutions (33%)

Those leading their peers in digital attribute their success to:

Strong alignment between digital strategy and business vision (38%)

Only use partners/vendors who are digitally mature (37%)

Fully trained workforce on digital capabilities (35%)

Digital vision and its road map are documented, updated and aligned with stakeholders (32%)

Digital transformation presents unique organizational challenges. It requires companies to be dynamic and comfortable with the pace of change and adaptation in response to internal and external factors. These elements can disrupt traditional work processes, putting pressure and stress on the workforce and affecting productivity.

The digital journey will introduce new collaboration methods along with emerging intelligent automation technologies such as robotic process automation (RPA) and artificial intelligence (AI). These can energize innovation within the company, but just as easily bring confusion, inefficiency and disruption into business operations.

Three key elements will affect your organization's digital dexterity, and make your digital transformation strategy successful:

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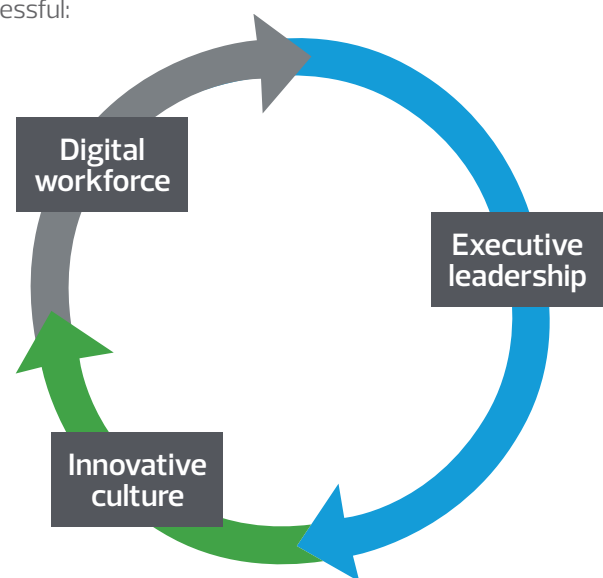
Establish executive digital transformation leadership

By creating an effective leadership foundation, your organization can implement a common digital transformation approach throughout the organization.

- Provide a vision of what digital and digitization means to the organization and the strategy.
  - Create a cadenced plan to discuss with employees the importance and value to company, customer and employees.
  - Develop a clear, concise digital strategy and business model with explicit workforce elements (here is where we are going, why we are going there, how we are going to get there and what it will look like).

- Model digital thinking and behavior.
  - Take actions to raise the digital intelligence quotient of the leadership team.
  - Create a safe environment to share ideas and recognize and reward digital–innovative thinking.
  - Don't just be an advocate of digital solutions and thinking, be an early adopter.

- Cultivate key external partnerships to advance your digital workforce agenda and digital transformation.
- Create clear ownership of digital investments, not just sponsorship.

Create a culture of innovation and experimentation

A consistent culture can help your organization foster an environment where innovation and constant improvement is embraced, and business interruptions due to digital transformation are limited.

- Adopt agile mindsets and ways of working to cultivate digital dexterity.
  - Implement design thinking, SLAM teams (self–organizing, lean, autonomous and multidisciplinary), experimentation—these are agile methods and approaches to all types of work, not just application development.
  - Fail fast and fail cheap. Invest in use cases (not technologies), instilling outcome–based approaches instead of proscriptive processes.
  - Review, revise and reinvent. Review what didn't work, then revise, change what didn't work, and come up with some new ideas or strategies.

- Establish the right organizational culture.
  - Culture drives results of an organization. If you want to change the results, change the culture.
  - Create a deliberate design of the employee experience that will reinforce the core beliefs, behaviors and actions.

- Foster a continuous learning environment and agenda that moves the workforce toward digital dexterity.
  - Create opportunities and encourage creative use and experiments with new technology.
  - Provide access and means for employees to train on emerging technologies and digital applications in order to raise the digital savviness of the organization.
  - Infuse the digital mindset into the culture by making innovation and experimentation the focus of training, change management and talent acquisition programs.

Align the workforce to a digital operating model

With an established framework in place, your organization can ensure that you have the people and processes in place to drive digital improvements.

- New business models (digital vs. digitalizing) require cultural changes to make innovation and experimentation a focus of the business strategy.
  - Enable agile decision–making for innovation and experimentation by using appropriate organizational structures.
  - Create environments where people and robots (automation) can work successfully together.
  - Develop an operational framework and incentives to cultivate and encourage innovation and digital thinking.

- Promote use of cross–functional teams who understand the full cycle of business challenges.
  - Provide them with access to appropriate strategic and technical information.
  - Support connections and collaboration on digital technology both inside and outside the company.

- Understand and align the critical digital skill sets that will differentiate your company in the marketplace.
  - Customer experience–focused companies may concentrate on digital skills needed to create unique and personalized experiences (user experience—UX, cognitive, social, mobile).
  - Cost–focused companies may focus on digital skills surrounding automation (robotics and RPA).

- Create a multifaceted approach to talent sourcing.
  - Develop an approach for critical digital skill sets and commodity skills with regard to internal and external talent fulfillment.
  - An on–demand workforce can effectively extend your workforce skills and your talent platforms should accommodate.

With these key elements in place, your organization can create an effective and agile digital workforce, taking advantage of operational improvements while avoiding several common challenges associated with change.

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