

Your guide to digital transformation



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Key takeaways:



Companies that focus on culture are 5x more likely to achieve breakthrough performance than companies that don't, according to the Boston Consulting Group.



Change is hard, but it's even harder when it's not clear why change is happening. Communicate the "why" behind your transformation from the get-go, with consistent messaging from leadership.



When management establishes a clear, well-communicated digital transformation story up front, their efforts are 3x times more likely to succeed, [according to McKinsey](#).



Buy-in at every level of the organization is key; otherwise teams will often get sidetracked by other priorities.



To maintain balance and forward motion, you need three things: people and culture, strategy, and technology.

Demystifying misconceptions about digital transformation

Love it or hate it, digital transformation isn't just a buzzword. The need for companies to continually rethink how they use technology, people, and processes to fundamentally change business performance is critical for success. There are plenty of articles discussing what a digital transformation is; however, for long-term success it's important to understand what a digital transformation is – *and what it isn't*.

Misconception #1: Digital transformation = the digitalization of your company

Digital transformation is more about strategy and people than the technology itself. Yes, technology is important but it's how you use it that will fundamentally shift and improve how work is getting done, often from a cultural and process perspective. This can make the concept of digital transformation confusing and potentially lead to an unsuccessful transformation.

Bringing in new technology to simplify and speed up work is not a digital transformation. Ask yourself, what are you transforming? You might be optimizing your current practice but your methodologies have not changed. Instead, try generating new ideas and concepts on how to use business technology in new ways.

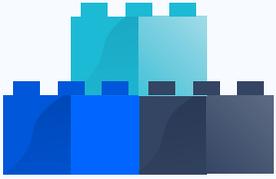


Misconception #2: Digital transformation is a destination

Digital transformation is a journey, not a destination. There is no way to “hack-it” or cut corners; this will only be detrimental to your efforts. Why? Because it’s impossible to know all of the challenges and changes an organization will encounter during a transformative journey. It’s imperative that you aren’t too committed to one direction; keep an agile mindset.

CONTINUITY

An innovative organization starts a digital transformation that never really ends.



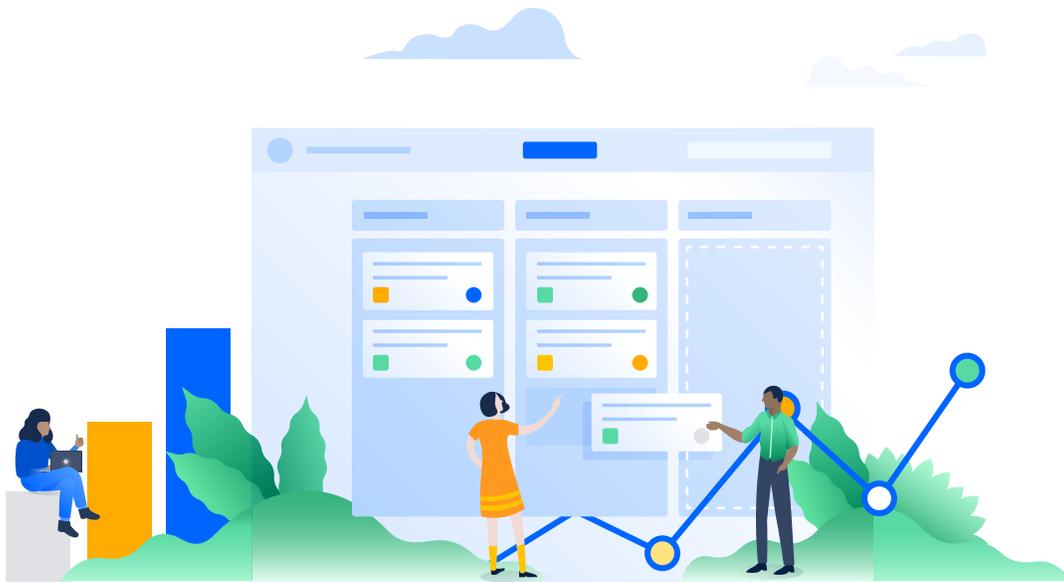
As there is consistently new technology, and therefore new opportunities, it could be argued that an innovative organization starts a digital transformation that never really ends. Think of your company as a ship and the digital transformation as the ocean. To stay upright, balanced, and moving forward, you need three main things: your people and culture, your strategy, and your technology.

While it’s true that you should always be working on all these things, you won’t need to focus on all three at once. You might start with a strong culture and strategy, but need to advance your tooling. Later on, you might have found the appropriate technology but your strategy shifts.

To be successful in a digital transformation you must embrace agility and become comfortable in a perpetual state of evolution.

Misconception #3: Digital transformation is a complete disruption of your business

Just because an organization is going through a digital transformation doesn't mean that it needs to be a massive burden or obstacle. Far too often people think the bigger the shift the better, or if we don't feel disrupted entirely we aren't doing it correctly.



Yes, disruption is par for the course but it's key to be pragmatic. In doing so you will be better off in the long run. The purpose of an impactful digital transformation is to improve business processes and practices – holistically creating a stronger company. By trying to move too fast or taking on too many changes at once you can negatively impact the business. Being pragmatic in your approach offers key benefits including:

- The ability to be more flexible and agile.
- The ability to capitalize on emerging technologies.
- The ability to test, implement, and optimize.

A digital transformation is more than just keeping up with trendy tech, it's a business-critical evolution that organizations must undergo to remain successful. Evolution naturally involves the entire ecosystem with a heavy emphasis on the people that make your organization run. Having confidence in your people and culture will make the journey go smoothly.

Why change is more about people than tech

The best technology in the world won't achieve maximum ROI if the people using it aren't bought in. Proof: A [Boston Consulting Group](#) study of 40 digital transformations shows that companies that focus on culture instead of just implementing new technology are 5x more likely to achieve breakthrough performance than companies that don't.

“Organizations that just assume people will fall in line are missing the opportunity to get their staff to become advocates for the change,” says Ken France, VP of scaled agility at consulting firm [Cprime](#). “From the very beginning of [a digital transformation], we identify who our key champions are across the business because they are ultimately going to take ownership of the evolution going forward.”

Whether you're moving to the cloud or adopting new collaboration technology, it's clear that putting people first is essential for success. Employee attrition, burnout, or a lack of progress towards your transformation goals could all be signs that it's time to zoom in on how your teams are working together.

“ From the very beginning of [a digital transformation], we identify who our key champions are across the business because they are ultimately going to take ownership of the evolution going forward.

KEN FRANCE

VP of scaled agility at consulting firm Cprime



Through conversations with five tech leaders – all with deep expertise in overseeing successful transformations – we identified four themes for handling the human side of your company’s digitization.

Tip #1: Have a common vision and communicate it to your employees

Change is hard, but it’s even harder when it’s not clear why change is happening. Before you take any action, spell out what you think the business can gain by transforming, then connect that vision to every person, team, and department in the organization. “I find in a lot of cases that [companies] are stuck in their traditional ways of thinking that are too tactical,” says France. “They don’t have a vision [for the transformation] that is tied to the business outcomes they’re trying to achieve.”

While a transformation can start from anywhere in the business, it’s important to make sure that the C-suite is bought in and champions it. “Employees need to see clearly where they’re headed and in order to get there, I find leadership needs to keep reinforcing consistent messages,” says Schwartz.

Once you have executive buy-in, make sure their messages reach every level of the business. When management establishes a clear, well-communicated digital transformation story up front, their efforts are three times more likely to succeed, [according to McKinsey](#).

Early buy-in has another substantial benefit as well. It can feed into a cycle that creates lasting, positive changes that empower a [growth mindset](#) within the organization. “Culture is an output of a transformation because you’re showing people a new way to be successful,” says Mark Schwartz, an enterprise strategist at AWS who meets with hundreds of executives a year to advise them on their transformations.

“ Digital transformation is really about culture and empowering the right people at the right levels of the organization to make consistent, effective and evolving decisions.

DAN RADIGAN

Technical Account Manager at Atlassian

Speaking of champions, consider assembling a champion team—a dedicated group that helps plan and test your new tools. The best teams are composed of stakeholders from every relevant department—be it IT, legal, compliance, engineering, marketing, sales, or HR. They’ll be the first to test new features, work through new processes, and ask vendors their questions.

Additionally, transformation champions help quell job security fears by letting people know that the tech is here to free them up to work on more creative and strategic tasks instead of the repetitive work that can be automated—not to put them out of work.



Tip #2: Connect performance metrics to the big picture

To build greater buy-in for your transformation, connect it to individual performance metrics that determine raises, bonuses, and stock options. “I often suggest getting human resources involved early and often so that they can change how people are measured and compensated to align with the vision for the company’s transformation,” says Bryan Smith, scaled Agile framework lead at 321 Gang. “Because often, individuals are measured by metrics that don’t apply to the new ways of working that a digital transformation requires,” such as the delivery of a finished product instead of an improved customer CSAT score or increased speed to market.

When you connect individual performance to your transformation, it can result in a groundswell of transformations across the business. “When you’re an individual contributing to company transformation, you can actually implement hands-on change,” says Schwartz. “In many cases, you can implement change without asking permission because you’re often reducing risk and producing good outcomes. For example, if one of my goals as CIO was to automate everything and an engineer came to me and said ‘By the way, I’ve automated everything,’ I would be thrilled that they took the initiative.”

But don’t just focus on individual performance metrics; measure your executives, too! When your executives and board are bought in on the transformation and understand how it connects to business performance, they’ll be more likely to invest in it. “Create success metrics that speak to the language of money for leadership so that they can quantify the returns on their investments for the digital transformation,” says Smith.

Schwartz agrees. “I’ll be working with a customer and there will be complaints that things are moving too slowly, and when you look at it, you can see there’s very little urgency in the transformation because it’s not connected to what the CEO or the board cares about,” he says.

Tip #3: Empower managers

Let’s face it – managers are the reasons why people stay at or leave a company. So, empower middle management to lead your transformation. Managers’ roles need to be redefined so that they’re given the autonomy to decide how their teams should work.

Because a transformation often requires shifts to team structure and how teams work, managers can be crucial in leading change management with their teams. At all levels, it’s important to remember that employees are human and that a change in how they’re working may not be the only change they’re experiencing in their lives. Show compassion and remember that a successful digital transformation is powered by people.

Key mindsets to fail-proof your digital transformation

If you're not convinced by now that people are at the heart of your digital transformation, here's a daunting fact: 70 percent of digital transformation projects **don't reach their goals** – and the reason is rarely technology. Navigating massive change is a mental game – and a team sport. The mindset you bring to a digital transformation initiative determines how you'll work with others to get the job done (and whether you'll still have a good relationship afterward). Mutual trust, a willingness to learn from failure (rather than punish it), and an emphasis on progress instead of perfection go a long way in this situation.

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As a child, you probably heard the saying: “If you think you can, you will. If you think you can’t, you won’t.” As adults, we haven’t outgrown that. The stories we tell ourselves about work – our mindset – are bigger determinants of success than our skills or smarts.

“There’s a lot of research on mindset,” says MIT professor and digital transformation specialist **Blade Kotelly**. “The more you believe you’ll be successful at something, the more you will be – which is amazing.”

Shaping a culture that will support digital transformation starts with shaping individuals’ mindsets.

Mindset #1: Grow, grow grow



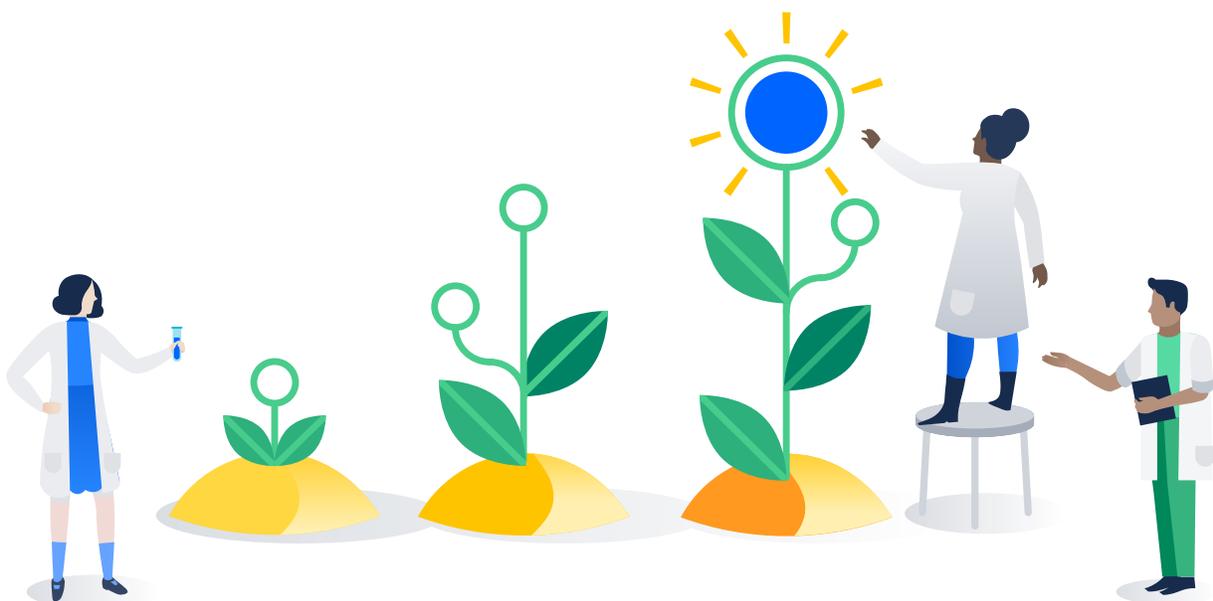
CHARACTERISTICS

Persistence in the face of obstacles; bias for action despite ambiguity; willingness to fail (and learn from it).

Digital transformation is a long process, riddled with obstacles and delays. You'll need patience and determination. But beware of paralysis masquerading as patience! If you wait until all your unknowns have resolved into knowns or until conditions feel just right, you'll never get off the ground.

A bias for action helps create momentum and gives people the confidence to move forward with incomplete or imperfect information. "You have to have the courage to make small bets and take small risks that reduce uncertainty," Kotelly says. He advises companies to use a trial-and-error approach, especially when it comes to decisions that are easy to reverse if they don't work out.

Your team will also need a healthy dose of curiosity and open-mindedness. "The rapid pace of technological change means we need team members who are versatile, have non-traditional viewpoints, and aren't hyper-focused on a particular technology," says [Pranav Shahi](#), head of IT applications at Atlassian. The more team members feel they have permission to take calculated risks and admit what they don't yet know, the more opportunities for learning you'll have.



How to cultivate a growth mindset:

- Throughout the transformation, carve out time for regular **retrospectives** and incorporate the lessons learned into your plans going forward. A 30-minute check-in with members of the core teams every few weeks is a good place to start.
- Give people **an outcome to own** and let them figure out how to get there, rather than prescribing each step. This gives them a chance to think creatively and practice working with ambiguity.
- Take a cue from Pranav and treat failures as something to celebrate because hey: you just learned something! “The best way to instill this principle is by talking about your own mistakes and what you learned,” he says.
- Treat failures as systemic failures. It might seem like one person’s fault, but there are almost always issues around technical capabilities, logistics, or other organizational factors that contributed.

Mindset #2: Put people first



CHARACTERISTICS

Empathy, especially for people who aren’t sure there will still be a place for them in the organization post-transition; customer-centricity.

Let’s listen to the wisdom of Professor Kotelly once more: “You need three things in the team: the skills to innovate, the confidence to use those skills, and psychological safety.”

The other people you have to think about are your customers. It’s critical to understand their needs inside and out so you’re confident in your digital transformation strategy before pouring millions of dollars and countless hours into executing on it.

How to cultivate a people-first mindset:

- Invest in a fact-finding phase that includes customer interviews. When you and your team hear pain points and preferences from the customer's own mouth, they become more real. Let them be your North Star.
- Have conversations with the core teams involved to understand whose job will be affected, then have conversations with those people to understand their concerns. You may not have ready answers for them, but at least you'll know what to solve for.
- Acknowledge where there is tension between what customers want and what employees want. If you don't talk openly about it, your chances of finding a solution are slim.

Mindset #3: Be open and willing to collaborate



CHARACTERISTICS

Open-mindedness; optimism; willingness to collaborate; a general rejection of the scarcity mindset (which is characterized by knowledge hoarding and zero-sum thinking).

An abundance mindset helps give you the confidence to pursue and enjoy new opportunities that come your way. It might not matter so much to the people leading the transformation, but it definitely matters to the people whose roles will change. If they believe digital transformation threatens their job security or professional identity, they will thwart it at every turn, consciously or not.

On the flip side, if you can help the digital transformation skeptics understand why it's happening and what they stand to gain as a result, there's a good chance they'll open up to the idea and even get involved. Organizational psychologist [Kim Perkins](#) advises leaders to explain the change in terms of market forces so they understand this isn't driven by one person's ego, then help them identify the possibilities the change will unlock.

“When you can imagine it for yourself, that’s when the real change happens,” she says. “And that’s when people get on board.”

At Sony Music Publishing, the abundance mindset led to an increase in growth: “A common misconception is that automation cuts jobs. Truth is, because of **Jira Service Management**, we can see our resolved vs. unresolved ratio fluctuate and get ahead of it when we need to. I can change an automation to route the requests to different people and reduce workload by 25% almost immediately, or go to our leadership and say, ‘This is the state of play, these are our resources; let’s talk about next steps.’ We actually have two new employees because of this.” – Alison Wood, Director of Global Copyright and Administration.

How to cultivate an abundance mindset:

- Listen to and acknowledge peoples’ concerns. Frame digital transformation as an opportunity to up-skill and make an even bigger difference for customers.
- Acknowledge what’s being lost. It can be as simple as taking a moment to publicly thank the team who built and looked after a legacy system that is being retired. Close that door so your team is ready for a new one to open.
- Ask skeptics to list their strengths, then think about how those strengths can contribute to the transformation itself and how they’ll come in handy after the initial transition phase is complete. This will help people feel like they’re in the driver’s seat, even if, in reality, they’re mostly along for the ride.
- Tap into the mind-body connection. Practice breathing deeply and evenly. Get in the habit of assuming expansive seated and standing postures instead of folding into yourself.

Mindset #4: Own it



CHARACTERISTICS

Driving toward outcomes vs. driving toward deadlines; a bias for iteration and evolution instead of sudden, drastic change; willingness to delegate granular decisions about the work; an acknowledgment that the work is never truly “done.”

As we discussed a few pages ago, digital transformation isn’t a bookended project with a tidy start and end date. Similar to the products and services a company makes – be they consumer goods or B2B software – digital transformation is never really complete. What we tend to think of as “the transformation” is just the initial phase.

Why? Because nobody goes through the effort of digital transformation just to check a box and say they’ve done it. Companies do it to unlock their ability to achieve bigger, better things. So instead of making a series of changes and calling it a day, look at whether the changes produced the outcomes you’re after. If they did, great: now you can keep building on that. If not, try again with a new approach.

That sense of ownership and long-term accountability are critical for success whether we’re talking about digital transformation or business as usual. At Twilio, for example, teams own a customer experience end-to-end and are empowered to take the actions they believe will create the best experience possible. “Our teams are defined by three things,” CEO [Jeff Lawson](#) explains, “the customer they’re serving, the mission they’re on in-service of that customer, and the metrics that tell us whether we’re doing a good job.”



Companies that use metric-based goals and keep iterating until they meet them are more likely to have a successful digital transformation. By contrast, companies that set date- or task-based milestones to define the “end” of their transformation are more likely to backslide.

How to cultivate an ownership mindset:

- Define specific results you want the transformation to bring about. Then socialize them around the company so everyone knows why you're doing this in the first place and the signals that'll indicate you're on the right track.
- Delegate ownership of each aspect of the transformation to the people doing the front-line work. Empower those teams with the authority to make decisions and coordinate with other teams independently.
- Those results you want to achieve? Celebrate each one when you reach it.

Summary

We know now that change starts with people and processes; tech is the means to help achieve that change. To ensure a smooth journey, remember to:

Lead with strategy and story – not tools

When management establishes a clear, well-communicated digital transformation story up front, their efforts are three times more likely to succeed, [according to McKinsey](#). Start with your strategy and a complete understanding of your goals, processes and current technologies.

Identify challenges before you make a move and understand the trade-offs

Find out how teams (or customers) use your tools today through interviews. Identify issues up front and use your digital transformation to address them – not only with the tools you choose, but with improved processes, integrations between tools, and perhaps even the way teams are structured or who is responsible for what. Before you make a move, identify what you're trading and what you'll gain.

Prioritize your people (especially the non-tech ones)

When senior leadership encourages people to experiment with new ideas and challenge old ways of working, **chances of success nearly double**. And when teams are directly involved in planning for change, success rates jump by 160 percent. Involve your IT team, but don't forget about the teams that use your tools everyday - will the new tool help improve their processes? Have the day-to-day system users brainstorm better processes, evaluate features, and choose tools that work for them.

Create a “champion” team

One of our top tips is to create a dedicated group that helps plan and test your new tools. The best teams are composed of stakeholders from every relevant department—be it IT, legal, compliance, engineering, marketing, sales, or HR. Task this group with ensuring a training library exists for each team with frequently updated process changes.

Treat your transformation as an ongoing process

While you certainly may undertake a massive one-time project that moves you from on-prem to cloud, changes up your tools, or requires a major shift in process and company culture, you'll also want to be constantly evaluating those changes, improving, and adjusting. Be agile, make ongoing changes where needed, and continue improving over time - after all your transformation is a journey, not a destination.

Final thoughts

Successful transformation projects spend time and money not only changing technology, but also changing attitudes, optimizing processes, and helping people understand and take full advantage of the new technologies they are adopting. If you've decided to join the digital revolution, keep this guide handy for tips and insights along the way.



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