

Beware the Dig

“Going digital” is not a transformation—and it is time to stop thinking of it that way.

BY GUILLAUME PAJEOT

The rate of change to the business landscape caused by the proliferation of digital is unlike anything we have ever seen.

As digital permeates almost every aspect of the way we live, work, consume and communicate, this new world order has the majority of organizations racing to embrace digital as quickly as possible—so much so that the term “digital transformation” has become a buzzword across all industries.

In fact, 80 percent of C-suite respondents view digital transformation as an important part of their company’s overall business strategy, according to a survey by the Technical University of Munich and SAP.

But while integrating digital technologies is certainly essential to thriving in today’s business context, it is shortsighted to think of it as transformative in and of itself. “Going digital” alone will not lead to breakthrough performance, improve your organization’s dominance over competition or ensure its future relevance. That is because digital is a tool, not a transformation.

True enterprise transformation, as Insigniam has been defining it for more than 30 years, is about reinventing what your company will be and what it will provide to the market in the future.

Push Beyond the Here and Now

An enterprise consists of a network of conversations. Its reputation, the way employees use business processes, its marketing position, its strategy, its client service, and every interaction each employee has, internal and external to the organization—these are all conversations. Therefore, the journey of digital transformation would seemingly begin with the question, “How can digital help us improve these conversations?”

This question, however, is a trap. It only looks at what already exists in an organization—the way it currently works and serves clients—and aims to adapt technologies to improve only what is currently being done. While this might produce some improved performance or efficiencies, it is not transformation. It is simply an upgrade, a change.

True transformations have a much more significant impact. They require unhooking from the prevailing conversations that influence how your organization has



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operated in the past, creating a new vision, forging a new path, establishing goals that go beyond what is currently predictable, implementing new values and bringing every employee along for the journey. Instead of starting with “How can digital help?” transformations require grappling with a deeper set of questions, including:

- How are we going to maintain competitive advantages in the future?
- Who are our customers of the future?
- How are we going to talk to them?
- How are we going to listen to them?
- What do we exist for?

If you do not go beyond the here and now of your organization and start by addressing these questions, you will not achieve true transformation.

What Transformation Looks Like

Imagine you are the CEO of a bank specializing in short-term mortgages. You decide it is time for an in-depth digital transformation, so you replace all paperwork with digital documents. You shutter branches and develop a sophisticated website and mobile application for clients to access those documents. You replace television and billboard ad campaigns with website banner ads. Your internal decisions and validation processes are integrated into a brand-new enterprise resource planning (ERP) system.

Have you transformed the company?

That depends. For example, have you responded to your clients’ expectations for transparency in the mortgage rates offered and accessibility to your staff? Is the ERP system more efficient, and does it help your employees radically transform how they serve your clients? If the answer is “no,” then you

have simply digitized your business, not fundamentally transformed it.

Offering documents on a screen rather than in your hand will not give you a competitive edge against a bank that first reinvents its value proposition and the nature of its work to focus more on the clients than on internal procedures.

However, that does not mean digitization has no role in an enterprise transformation. Here is an example drawn from my time working in the insurance industry. A common client pain point was reconciling how home and auto reimbursements were calculated. To combat the problem, the company decided to become more transparent with its processes. It set up committees, each made up of a group of client peers, to review claim data and act as juries for settling claim challenges. In this way, frustrated clients would not find themselves debating the company.

Because all parties could not be expected to meet in person, the company decided to create a new digital platform—and that made all the difference in the program’s effectiveness. If the company had approached this need by asking, “How can digital help us?” and then looked at what was available in its existing digital toolbox, it would have missed this transformation opportunity. The online platform had yet to exist; the company had to invent it—but only after leadership unhooked from its previous way of working and set a commitment to being transparent at a totally new level.

What this company realized is a lesson for all to heed: There is transformation and there is “going digital.” These two concepts may often meet, especially in our tech-saturated world, but one does not beget the other. Transformations recreate the future. Digital simply supports that effort. **IQ**

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