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RENOIR
CONSULTING 

AI-DRIVEN DIGITAL TRANSFORMATION

A PROVEN FRAMEWORK FOR REAL BUSINESS RESULTS

REAL OUTCOMES,
SUSTAINABLE CHANGE

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EXECUTIVE SUMMARY

Even before COVID-19 struck in 2020, many organisations were already aware of the need to implement digital transformation (DX) or risk being irrelevant in a marketplace where things are increasingly digital.

The global outbreak has accelerated this norm. Many companies believe that the key to recovery and to thrive in the future lies in DX.

However, research has shown that despite trillions of dollars in investments, many DX initiatives fail to deliver full benefits.

In this white paper, we reveal the common mistakes many organisations make and a framework that will ensure DX success.





THE RISING URGENCY FOR DIGITAL TRANSFORMATION

In 2020, organisations that were slow to implement digital transformation (DX) received a rude awakening.

As COVID-19 spread and lockdowns were imposed around the world, organisations that didn't have a digital presence failed to serve a world that retreated behind closed doors.

Many companies that didn't already work with online tools and cloud technology failed to collaborate effectively. Their workforce lagged in productivity, causing a ripple effect throughout the organisation which affected the quality of goods and services.

And those without a full visibility of their supply chain and logistics could not respond effectively when demand for online goods suddenly skyrocketed.

Most companies understand the need for digital transformation. About US\$1.3trillion⁵ and US\$1.2trillion⁶ was spent on DX in 2018 and 2019 respectively.

Yet, according to Harvard Business Review, an estimated US\$900 billion⁵ was wasted when initiatives didn't meet their goals in 2018. And despite all that investment, only 13% of leaders were confident that their organisations were ready for the digital age⁷.

The truth is, 70% of DX initiatives fail⁸. At a time when consumers are going online to do business, organisations face a challenge – they must reap the full benefits of their DX initiative or risk being left behind.

- 70%** rise in Internet usage since COVID-19¹
- 97%** executives say COVID-19 has sped up DX efforts²
- 64%** of organisations will be early adopters of new technology or are seeking emerging technology³
- 85%** retailers to offer contactless payment options by 2023⁴
- 45%** of repetitive work tasks will be automated by 2022⁴
- 85%** of hospitality brands will implement self-service technologies by 2021⁴

While organisations are highly aware that they will be beaten by more progressive competitors or fail if they do nothing, many struggle with overhauling clunky legacy systems.

The problem is not the technology.

In our experience, many fail because they implement DX incorrectly.

In the following pages, we explore the common mistakes made during DX initiatives.



WHY COMPANIES FAIL AT DIGITAL TRANSFORMATION

1. IMPLEMENTING TECHNOLOGY FOR THE SAKE OF TECHNOLOGY

Mistake: Choosing a digital tool because it's the current "hot thing" without understanding how it benefits the company

Automation and data analytics may be gaining traction right now, but is it right for your company?

Too often, companies implement technology only to discover it has not resulted in any real benefits. This is because the digital tool may not be relevant, necessary or even possible to implement. For example, automation may not benefit an organisation with a lot of ad hoc data.

In the end, stakeholders must understand that there is no single digital solution that will fundamentally change an organisation. Every organisation has different needs and that is why every digital transformation is different.

2. STARTING DIGITAL TRANSFORMATION WITHOUT UNDERSTANDING WHAT IT WILL BRING TO THE ORGANISATION

Mistake: Not clearly defining the benefits or the return of investment (ROI) expected from a DX

For a DX initiative to be successful, it must be aligned to the strategy of the organisation. Without this alignment, the digital tool may not bring the necessary benefits.

By defining the ROI or benefits clearly, relevant measures can be put in place and indicators can be used to give a complete understanding of the implementation results.

For example, a company that wants full visibility of its logistics can measure the success of its digital tool by measuring response or delivery times.

3. "CUSTOMISING" A DIGITAL TOOL

Mistake: Changing a perfectly good tool to fit your current flawed structures and processes

Many organisations' ad-hoc data and processes are already inefficient. Automating these will only produce inefficient results.

Successful and rapid digital transformations involve aligning the organisation to the digital solution and not the other way around.

Do you need to improve the behaviour of your workforce and the efficiency of your processes before starting a DX initiative? This is often overlooked – jumping straight into digitisation may be a wasted effort.

Companies should aim to minimise the level of customisation of a digital tool as much as possible. That way the organisation minimises costs and benefits from the best practice design.

4. NOT PROPERLY ONBOARDING OR TRAINING YOUR WORKFORCE

Mistake: Not communicating why the tool needs to be adopted or not providing on-the-job training to ensure that employees use the tool properly

Many companies think change management involves sending an email the day before or worse, on the day when the new solution goes live. There are many activities that need to happen before that email. Change management is something too many companies ignore.

For one, employees need to understand the value of the DX initiative and how it will benefit them. Then, they need to be coached on how to use the digital tool and their performance monitored until they achieve expertise.

If not managed properly, both training and user acceptance testing can often be flawed, with limited participants interacting under IT supervision instead of in real-world situations.

Beyond adoption, even if a process has “artificial intelligence”, human intelligence is still required to understand why there are gaps in performance and implement actions accordingly.

CHANGE MANAGEMENT IS AN

5. AFTERTHOUGHT

Mistake: Implementing technology without understanding and managing who the users are and how the tool should be used

Good change management ensures that an organisation will be able to prepare its workforce to understand and adopt the tool, and thus reap the full benefits from it.

Too often, we see DX efforts handed to a department that only manages the technological implementation (such as the IT department) and does not consider the people and behavioural change aspects.

In the next section, we will explore the change management activities that must happen to ensure DX success.

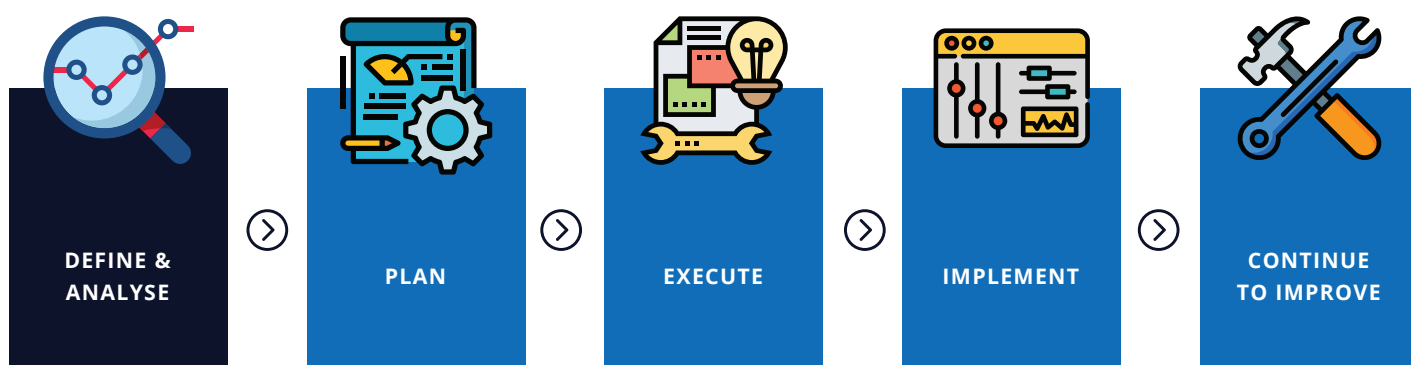




THE FRAMEWORK FOR SUCCESS

A good plan is the backbone of every successful DX. The framework we're detailing in this section has been distilled from our years of experience implementing digital transformation initiatives.

The following pages highlight the key stages of a successful DX initiative.



CHANGE MANAGEMENT

STEP 1: DEFINE AND ANALYSE



As we mentioned previously, no two DX initiatives are the same. That is because every company has different needs and goals.

Therefore, before starting the DX initiative, look at your organisation's strategy, vision and mission. Are they

still relevant? Should you review and update them? How do they link to DX and how does the DX link to them?

It is important to understand what the perceived needs are, then define what the real needs are.

Then, define the changes that are required to make the DX possible. Identify what is going wrong, what needs to be improved and how it will be delivered.

All this should be clearly defined before proceeding to the next stage.

STEP 2: PLAN



With the information gathered from the first step, you should now have enough data to create the roadmap. Here are the steps to take:

- Identify what needs to be changed to achieve the goals.
 - Determine the schedule, budget and resources. For example, some companies may not have the talent needed to make the DX happen — reskilling or talent sourcing may be needed.
- Then, prioritise the tasks. Start with initiatives that
- will deliver the biggest or most fundamental change.

At this stage, you should consider forming a Transformation Management Office (TMO) or Project Management Office (PMO) to execute the plan for you. They are the “engines” that ensure the DX programme delivers sustainable results. (For more on the TMO and PMO, see page 10).

DEFINE THE CASE FOR CHANGE

Leadership must clearly articulate and define the expected outcomes and the benefits of implementation. Then, they need to communicate to employees the reason behind the DX and what value it brings to their work.

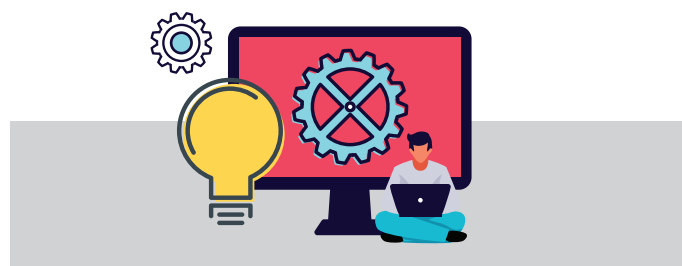
If this is not done, there will be a half-hearted attempt at using the tool or worse, abandonment.

CREATE THE ENGAGEMENT PLAN

An engagement plan ensures that everyone that needs to be aware of the DX is aware. Besides the plan, identify the change network. These are the change ambassadors whom you should use to spread the message.

When this is done well, buy-in and ownership is created from the start.

STEP 3: EXECUTE



It is now time to put your plan into action. Here are the important key steps for this stage:

READINESS REVIEW

This is a step many companies don't do. For example, a company may install an Enterprise Resource Planning system (ERP) and proceed to test it to ensure that it works well. But then they go live without ensuring that people will use the ERP system as expected.

Here's what to do before a system goes live: Make sure that people have been extensively trained and that they really know how to use it.

To do this, first, define the change indicators. Ask: How are we going to measure the success of the DX and the level of adoption in the workforce? Then, monitor these change indicators to see levels of improvement.

ON-THE-JOB COACHING

Coach employees in the new way of working to make sure that they go from conscious incompetence to unconscious competence. This ensures that the new way of working will last and there won't be different ways of working throughout the organisation.

STEP 4: IMPLEMENT



You've tracked the change plan systematically. Now, it's time to press the red button and go live.

However, it is important to continue to manage and measure the behaviour of the workforce after implementation. Have they fully adapted to and adopted the system? Is it used properly? Are there improvements in their performance? Make necessary adjustments when needed.

STEP 5: CONTINUE TO IMPROVE



After the DX succeeds, organisations should celebrate. It doesn't just improve morale but creates confidence in the workforce. When employees realise that they've succeeded in change, they are more open to the next transformation programme.

Organisations must also continue to look for ways to further improve the new way of working. Data analytics can help spot areas for improvement such as where to cut costs, improve productivity, drive supply chain efficiency and improve processes.

By embarking on a continuous improvement journey the company will become more capable in dealing with future disruptions and change.





TRANSFORMATION MANAGEMENT OFFICE: THE ENGINE OF CHANGE

A project management office (PMO) is a group, internal or external, that drives and manages complex initiatives and performance improvements in a company.

A transformation office (TMO), however, not just drives initiatives but also ensures that it aligns with the company's business strategy. It is an "engine room" that maximises the speed and value of transformation programmes.

Both a TMO and PMO can drive DX initiatives to ensure success.

Whether a DX programme needs a TMO or PMO depends on whether the DX strategy is already in place.

Some organisations already know their DX strategy. They just need it delivered. In this situation, a PMO works.

For organisations that need clarity on their DX strategy as well as results, a TMO is required.

A TMO does everything a PMO does, but with additional focus on what is required for the business and how DX fits.

THE TMO'S ROLE IN DIGITAL TRANSFORMATION



Operates as an independent function.



Drives the delivery of initiatives that support the company strategy.



Ensures transparent and effective execution.



Provides governance to track progress and measure outcomes against objectives.



CONCLUSION

To build resilience against an uncertain future, organisations need to ramp up their DX efforts. However, to get on top of a volatile marketplace and stay ahead of competitors, they must ensure that they obtain value from their DX initiatives.

To succeed in this, companies must treat change management as a critical part of their DX plans, not as an afterthought.

There needs to be a solid transformation roadmap, governed by an autonomous TMO or

PMO, that effectively communicates the case for change and persists in its delivery.

The human factor must be front and centre to the implementation approach. At the point of going live, the time and attention required on driving successful adoption may well be more than the time taken to date.

Beyond the DX, companies must also continue to improve and embed a culture of change so they are better prepared for future disruptions.





THE RENOIR ADVANTAGE

A change partner like Renoir can ensure that organisations gain value from their DX efforts.

Renoir's transformation approach provides:

- Strategy translated into a comprehensive transformation programme that supports the business in achieving its vision.
 - Alignment of the organisation's perceived needs and the real needs to execute the strategy. Initiative-level analysis and planning which
 - ensures all the right pieces are in place for success. Faster inception and delivery of new transformation initiatives.
 - Transformation focus without compromising core business performance and execution.
 - Structured methodology that ensures programmes deliver on promises and digital
 - investments are maximised.
- Confidence and security in the realisation of financial benefits and strategic objectives.
- A fully functioning TMO or PMO driving continuous improvement and ready to take on
 - future challenges.



If you're ready for the next step, connect with us at connect@renoirgroup.com or visit <https://www.renoirgroup.com> for more information.



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ABOUT RENOIR

For 25 years, Renoir Consulting has been the trusted business transformation partner for companies globally. We have partnered with clients from diverse industries in more than 50 countries to co-create bespoke solutions that produce real outcomes and sustainable change. Our boutique approach means that our clients receive the highest level of professionalism, expertise and leadership ownership.

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