WHITE PAPER

Playing the Digital Transformation Game

How Leading with Innovation and Design Can Transform Everything

By: Joseph Press, Thomas Goh, and Jerome Relly

Center for Creative Leadership®

Contents

Welcome to the Game 1

Are You In? 2

The New Playing Field 4

Getting the Right Players 7

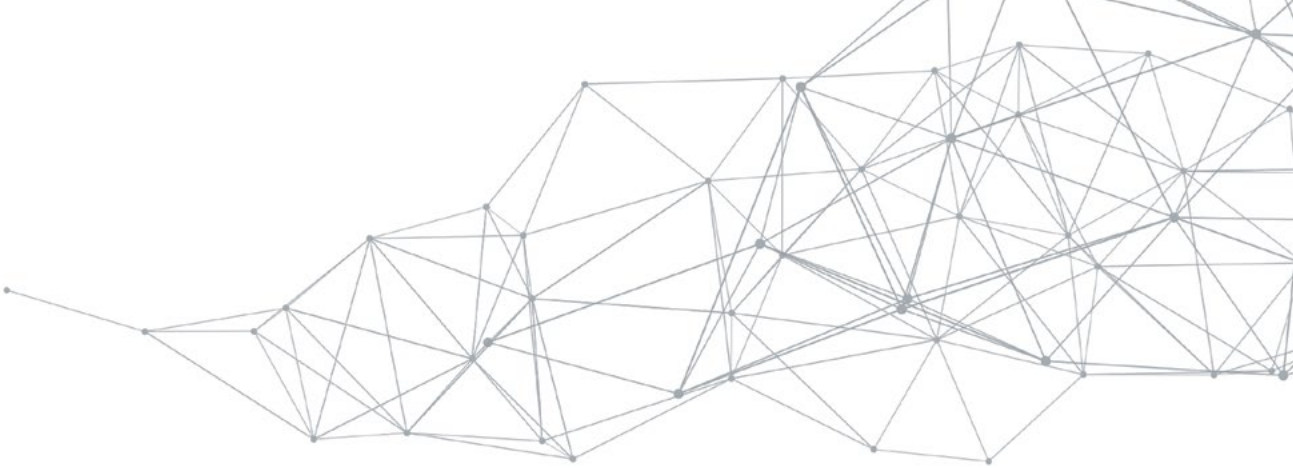
A Winning Strategy 8
The Transformation Trifecta

Prepare to Play 11

10 Digital Transformation Questions 12

Change Your Game 12

About the Authors 13



Welcome to the Game

Digital is changing the game—the game of business and the game of life—into something new. That's why "digital transformation" has become one of today's most popular business buzzwords—and a pressing concern for nearly all organizations. Companies, government agencies, and nonprofit organizations are spending millions using new technologies to transform processes, products, and people.

Although integrating new technologies is essential for staying competitive, the real challenge is getting people aligned to integrate those new tools and methodologies.

Based on extensive research as well as experience with organizations around the world, our recommendation is that leaders focus on **developing three areas of excellence: innovation, design, and digital**. Together, these organizational competencies vastly increase the chances of achieving the full potential of digital transformation. In this paper we cite a number of findings from the CCL/Corporate Leaders Digital Transformation Readiness Survey, which asked leaders in human resources, L&D, leadership development, and talent management about the promises and challenges of digital transformation.

Whether you aim to transform your company, team, or community, you'll want to **consider the 10 digital transformation leadership questions** at the end of this white paper.

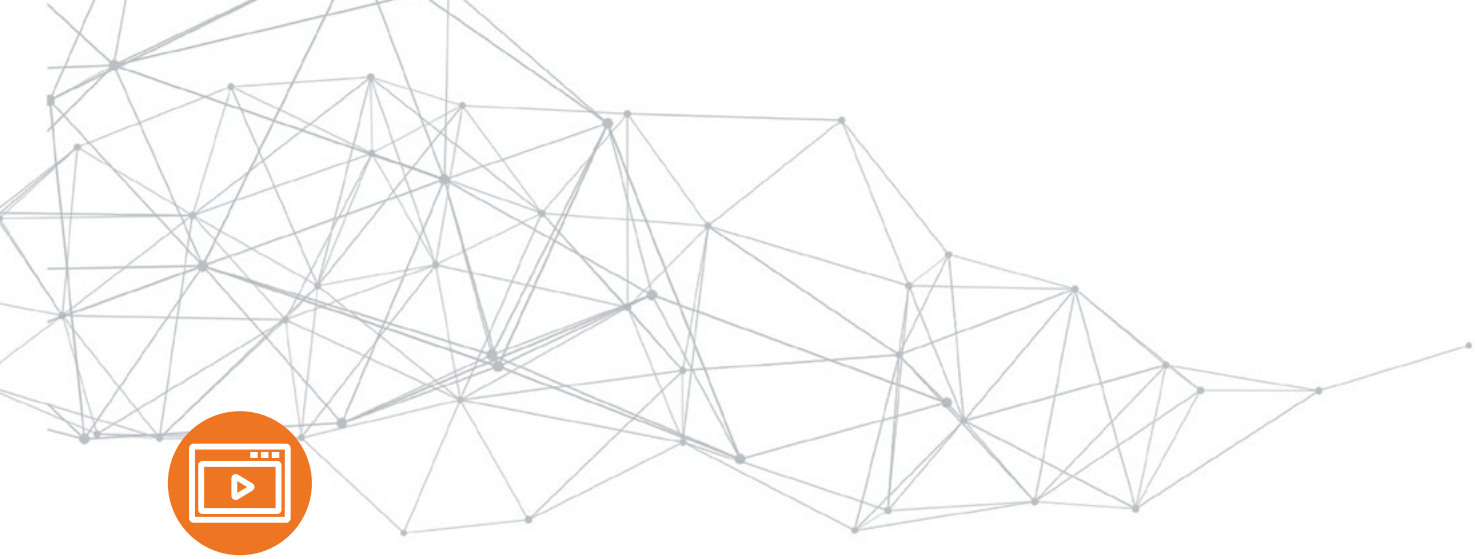
Your role as a digital transformation leader may ultimately even necessitate designing the new you—a digitally savvy leader with the passion and purpose to lead a personal and organizational transformation. Better understanding the roadblocks in the digital transformation game will enable you to bring new, digitally enabled experiences to your organization and customers. Are you ready?

Digital Transformation Technologies

When we discuss digital transformation, we are referring to a broad set of transformative technologies and their applications. Many of these are identified and explored in the World Economic Forum report "Deep Shift: Technology Tipping Points and Societal Impact." They include

- Implantable technologies
- Digital presence
- Vision as an interface
- Wearable Internet
- Ubiquitous computing
- Mobile devices—the "supercomputer in your pocket"
- Storage for all
- The Internet of and for things
- The connected home
- Smart cities
- Big data
- Autonomous vehicles
- Artificial intelligence
- Robotics
- Blockchain and cryptocurrencies
- The sharing economy
- 3D printing

©2018 Center for Creative Leadership. All rights reserved.



Are You In?

While some leaders engage consultants to define and implement the transformation, others seek to tackle the transformation challenge internally. In either case, they are required to be "ambidextrous"—innovating while simultaneously running the business. Those parallel challenges make for poor odds of success in the digital game.

Our Digital Transformation Readiness Survey found that **the top four challenges organizations face in their digital transformations are leadership challenges**:

- Insufficient internal skills (55%)
- Lack of clear vision for a digital customer journey (46%)
- Integrating new technologies (36%)
- Resistance to change (34%)

Vision, integration, and overcoming resistance are all traditional leadership skills. Skills are also a question of leadership and development.

Some 69% of leaders we surveyed agreed their organizations have an inspiring vision for digital—though 20% disagree, which is concerning. A majority of executives reported their organization understands how digital is changing the competitive landscape and has a clear roadmap for digital. But even here, there is cause for concern, with 20–30% of respondents disagreeing. That suggests some organizations are lacking a clear understanding and roadmap, or that they aren't communicating it effectively to at least some of their executives.

To help turn vision and roadmaps into reality, we can start with something simple: the digital tools many of us already hold in our hands. From filters in Instagram to videos on Facebook to making payments with mobile devices, we're all already empowered to develop new levels of creative confidence and convenience. Leaders can powerfully communicate the possibilities they see, making it easier and simpler to share a compelling vision about the possibilities of digital transformation. We have access to new levels of creative expression and personalized experiences emphasizing individual contributions and individual voices.

We can try low-cost experiments—testing new ideas and starting to quickly prototype and iterate. Though low cost and rapid iteration may not overcome every digital transformation challenge, it can help leaders and organizations begin to grasp the true potential of digital transformation. And it can help make individuals at all levels of an organization more comfortable with digitally driven change, drawing them into collaborative efforts and helping them imagine the possibilities that digital transformation offers.

©2018 Center for Creative Leadership. All rights reserved.

Technology can provide new insights into why we do what we do, while also stimulating reflection and learning. From these efforts come "digital sparks"—contributions, conversations, and even constructive conflicts, which fuel insights, further iteration and collective understanding.

In the interconnected digital world, we can access an army of collaborators who seek to contribute to communities and create movements. Digital can ultimately encourage a higher purpose, adding meaning and social values to organizations.

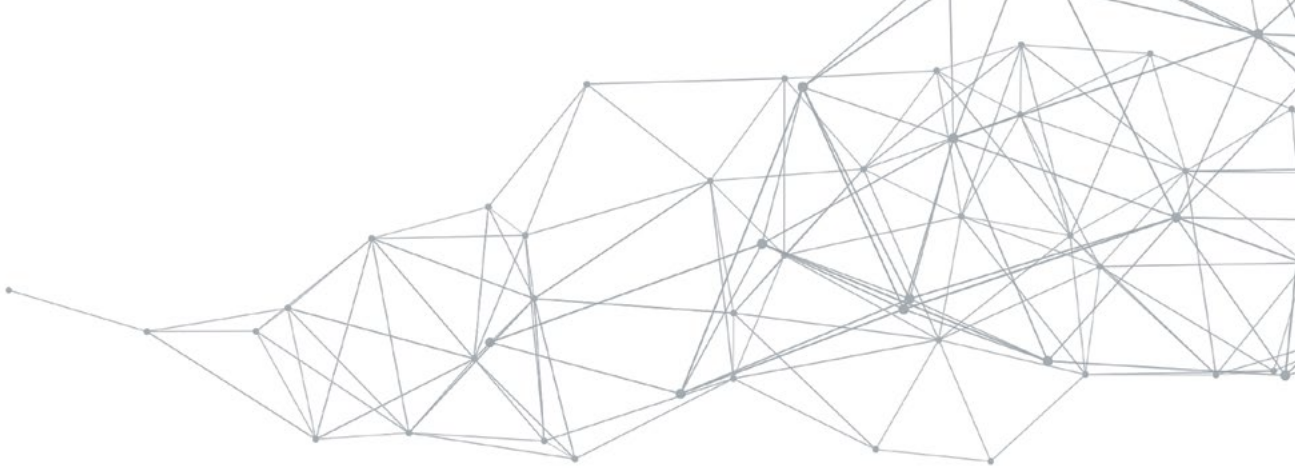
©2018 Center for Creative Leadership. All rights reserved.

The New Playing Field

Digital transformation doesn't mean the same thing to everyone, even inside a single organization. Whatever digital transformation objective you choose, identifying what you want to transform, and the expected benefits, is essential to positioning yourself as a credible leader. The positioning of your digital transformation will need to reflect many dimensions, yet the most important is to have a clear perspective on innovation.

In our survey, 61% of respondents said their organizations are good at generating and implementing new ideas. And 72% said their organizations had already successfully implemented digital initiatives that improved or adapted existing products and services. But there was a gap here. Despite these apparent strengths, just 26% of the leaders we surveyed said their organizations had well-defined metrics in place for digital initiatives. And if you can't measure it, well, you'll probably struggle to manage it, too.

©2018 Center for Creative Leadership. All rights reserved.



Developing a Digital Strategy

Your digital strategy defines where your organization will choose to play in the new digital world.

The most basic digital innovations deal with helping transform organizations by digitalizing existing processes. As digitalized processes are adopted, the organization should see improvements in efficiency and collaboration. But this is table stakes for organizations competing in the digital era. **For true digital transformation, digitalizing process is just the first step**—a way of establishing digital infrastructure within an organization and helping people become more comfortable and familiar with the possibilities technology offers. Effective digitalization of processes may also help overcome the measurement gap we found in our survey.

Beyond digitalization of existing processes, we start to move into the arena of true innovation and transformation. There are important strategic choices to be made here.

Will your organization seek to grow market share by acquiring new products and services? And will it seek to minimize transformation and maximize the return from existing business models by keeping the newly acquired products and services away from the firm's core operations?

Or will the organization seek to digitalize existing products and services, potentially growing market share and reducing costs? This approach seeks to extend the digitalization of internal business processes out into the marketplace, increasing value for customers.

The most innovative and transformative strategies are those that create entirely new experiences and platforms. These strategies are probably among the most difficult to conceive and successfully execute, but the payoffs can be huge. Think of how Apple transformed online music and video, or software sales, when it created its groundbreaking online iTunes and Apps stores for its mobile devices. Those innovations helped make Apple the most valuable company in the world.

©2018 Center for Creative Leadership. All rights reserved.

Regardless of where you choose to play, technology will underlie all the moves you make, and having a clear digital strategy will invariably help you deploy time and resources more efficiently.

In an increasingly competitive and disruptive environment, forward-thinking leaders will by necessity look to create new products and services. And getting people within the organization to use new technologies to improve and create will be the critical factor in the success of your digital transformation.

©2018 Center for Creative Leadership. All rights reserved.

Getting the Right Players

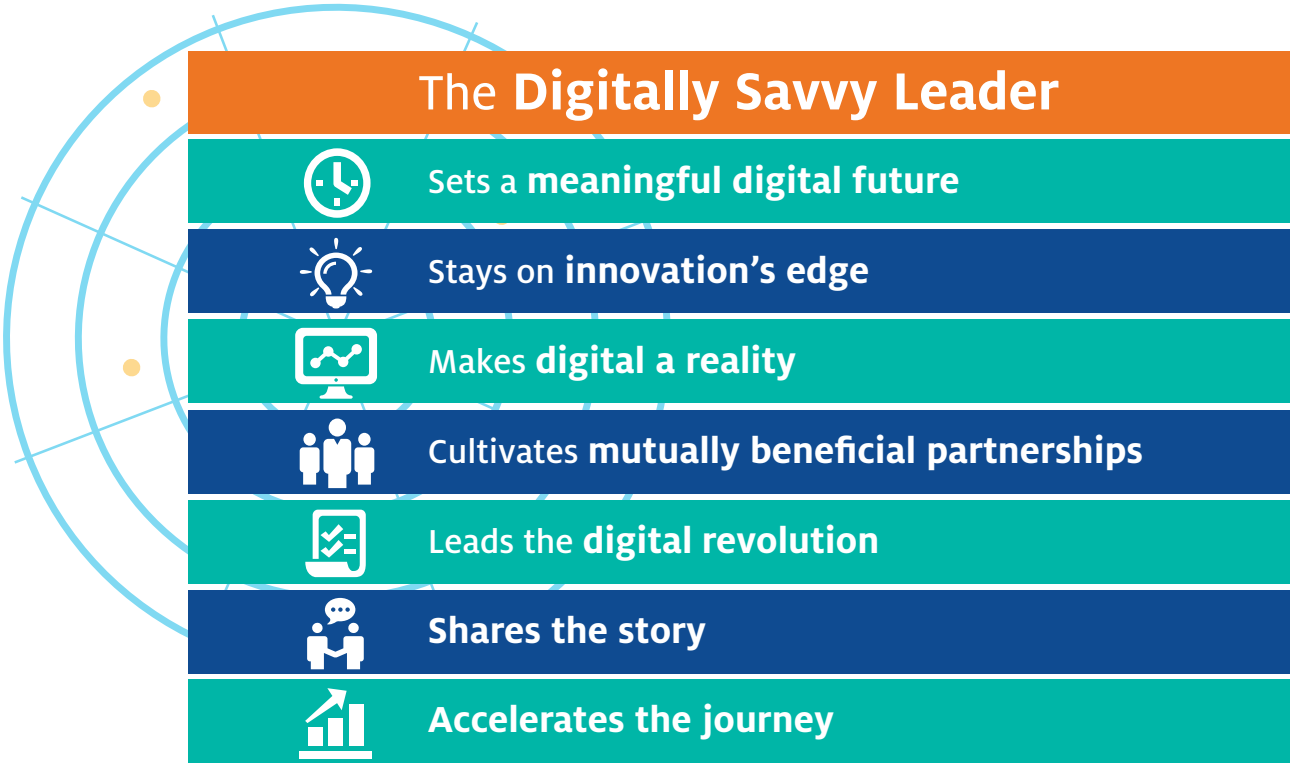
To drive a digital strategy successfully, you will need the right people. Again, based on our recent Digital Transformation Readiness Survey, finding individuals with the right skillsets has become the number one challenge in corporations' efforts to drive digital transformation.

Another challenge is that some organizations have built silos around the digital team, creating a "they own innovation" syndrome. About half of the leaders we surveyed said their companies had established teams responsible for digital initiatives. But this kind of effort can be counterproductive. Organizational boundaries can slow or halt digital change outside these teams, with silos and organizational politics hindering adoption. In addition, it sends the message that digital transformation is a single team's responsibility, rather than an initiative requiring collaboration and engagement from everyone.

In addition to attracting digital natives to drive innovative business strategies and plans, companies are also seeking "ecosystems" to stimulate their transformation. For example, both General Electric and Procter & Gamble selected Singapore to launch digital innovation and transformation initiatives. Singapore's ambitions to be a "smart nation" makes it an ideal place for companies that want to be part of a transformative ecosystem. Since the Monetary Authority of Singapore provides a regulatory sandbox to promising fintech startups, companies can engage the right players to experiment within the safety of an established financial system.

To lead a digital transformation initiative and secure the right teams, you must by necessity become a digitally savvy leader—something our survey suggests is still relatively rare. When we asked survey respondents if their leaders act as role models in facilitating a transformation to a digital-centric organization, fewer than 40% agreed. And 29% couldn't say if they agreed or disagreed, which suggests that if there is role modeling going on, it's not very effective.

In our experience consulting with leaders of technology-enabled transformation, the key to unlocking the value of digital is "adoption." In today's complex world, understanding the ways to cocreate with the right people is essential to transform.



©2018 Center for Creative Leadership. All rights reserved.

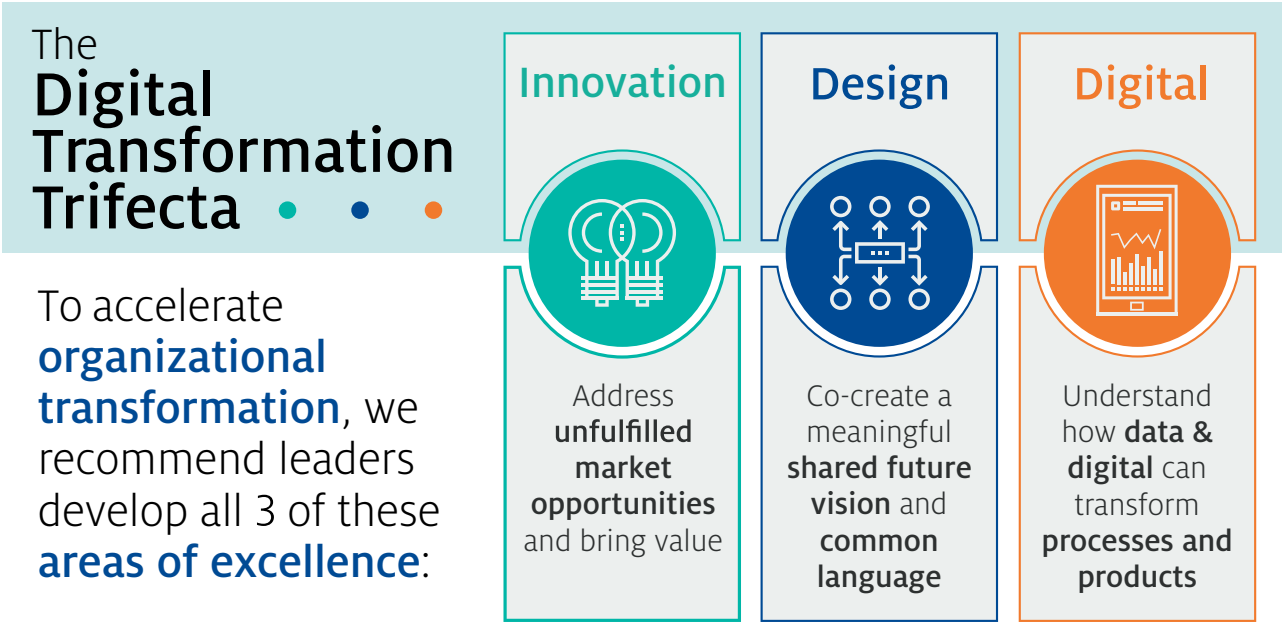
A Winning Strategy
The Transformation Trifecta

To accelerate transformation within organizations, we recommend leaders develop three areas of excellence: innovation, design, and digital. Building these capabilities will increase the likelihood of achieving a transformation trifecta that can multiply growth and success. Organizations that manage only one or two of the trifecta won't change as quickly or as deeply.

Innovation

To ignite transformation, **the intent to innovate** is indispensable. No transformation can be accomplished without a vision as to how digital technologies can enhance the organization in new ways. Innovation, however, needs a purpose; it needs to address unfulfilled market needs. An innovation program needs to be defined by market opportunities to be sustainable, and it must bring value to the organization, to its customer, and more widely, to the community around the organization.

The goalposts of innovation should, in many cases, not only seek added value, they should also have what Salim Ismail refers to as a "massively transformative purpose." Once that innovation mandate is created, it should be delivered intensively to bring value. Digital transformation starts at the top, but a shared vision of how to innovate is a must if it is to pave the way for change. Leaders who understand the business model as well as the transformation strategy—and who are empowered to seek digital innovations in their markets—must make it their task to design the strategy themselves.



©2018 Center for Creative Leadership. All rights reserved.

Design

Using **design as a catalyst for change** can be a powerful way to spark transformation. The methodology of design thinking—and getting the "look and feel" of the digital touch points—may not prove sufficient. Leaders who design meaningful and innovative experiences for their organizations, customers, and employees must engage people in the transformation journey, bringing stakeholders onboard at the right time and with the right purpose. To ensure the resilience and required sustainability for successful transformation, the leaders themselves must act as the prime starting points and motivators. The project requires them to design a meaningful vision of the future, create a shared experience, and build a common language.

This is the most challenging part of achieving the transformation trifecta, for many leaders enjoy the innovation intent, or the shiny technology, rather than cocreating with peers across the organization. When successfully coordinated with the innovation mandate and digital elements, design enables transformation to be truly impactful.

Digital

To enable transformation, **the raw ingredient is digital**. While this may seem evident, it is often where leaders and their organizations are most deficient. Although awareness of digital technologies is fundamental, understanding how they function is what makes positive transformation possible. For example, understanding how data can enable personalized customer experiences, including the types of data required, is essential to defining how data can provide useful insights and solutions.

As data is the foundation of personalization, leaders must also know how to engage customers in sharing data. Are the most appropriate devices tablets or smartphone apps? Or, would consumers be more engaged by incorporating augmented reality and artificial intelligence? These are not simple questions, particularly since the digital list keeps growing. Whether it be robotics, cryptocurrencies, or the Internet of things, leaders who know digital—and how to deliver meaningful digital experiences—can guide teams to transform existing processes and products and seek new partners along the way.

Innovation, design, and digital knowledge ultimately dictate to leaders their organizations' readiness for change. At CCL, we see **four key dimensions to readiness**:

1. Imagine a future with digital by understanding the present. Then with a vision of the future, create meaning to build game-changing consumer experiences.
2. Design sustainable experiences by building digital capabilities to enable an innovation culture and foster end-to-end collaboration.
3. Innovate to accelerate the future by developing game-changing leaders and continuous digital learning.
4. Scale impact by delivering innovation through flexible organizational models, strengthening creative capabilities, and seeking transformation drivers.

A digital transformation journey across these dimensions is illustrated by the changes at the world's largest global food and beverage company. Over a five-year period, leadership started with digital awareness, then introduced an innovation mandate, and finally used design to cultivate mindsets and culture.

©2018 Center for Creative Leadership. All rights reserved.

A Digital Transformation Story

At a global food and beverage company, the digital transformation journey began with a series of Digital Days. Sponsored in collaboration with the vice presidents of Digital Marketing and Digital Services, leaders of six functions and their teams came together in a design-informed experience to use digital to solve business challenges. The sessions began by inspiring participants with leading digital practices within and outside their functions.

Teams were first asked to agree on a set of strategic objectives. They imagined profiles of consumers and employees to project meaningful directions for them in the near future. Collaborating with designers, they created mock-ups and low-tech prototypes for how digital could improve consumers' and employees' daily lives. To deliver the innovative ideas, they developed action plans and aligned on next steps for navigating the institutional barriers to achieve impact. Five years later, the company has achieved sustainable impact in the three transformation objectives.

Innovation is an ongoing strategic activity. Immediately after the Digital Days, an internal crowdsourced innovation program was launched in the IT supply chain function. Across the globe, employees submitted ideas to present at a *Shark Tank*-like panel of leaders for funding. These successes led to the company establishing an external crowdsourcing innovation platform. Most recently, IT built a Silicon Valley outpost to scout and support startups.

Digital now informs and enables personalized experiences. Marketing built a global listening post, collecting data to monitor consumer behavior. In partnership with IT, they built a digital marketing service center that supports markets across the globe to deliver personalized experiences and respond to feedback. Digital has become the catalyst for all marketers to act like "concierges," curating genuine consumer relationships.

Design is now the preferred capability for leaders, and a significant cultural influencer. Following the Digital Days, the company infused its executive learning center with design thinking and new technologies to enable leaders to use digital to solve business challenges. Spaces were redesigned to enable creative activities, and new programs bring leaders to innovation ecosystems across the globe. Over 5,000 leaders have completed a customized design thinking certification, contributing to transforming the company into a health and wellness organization based on shared values.

©2018 Center for Creative Leadership. All rights reserved.

Prepare to Play

In leading digital transformation, many leaders focus only on one of the trifecta dimensions, despite the fact that a balanced approach is required for success. A digital innovation solution should come with a positive user experience, and innovation should make the products and services easier to access, not more difficult.

Whether you aim to transform your company, your team, your community, or yourself, you first need to be prepared. To successfully lead transformation, you will have to overcome many hurdles, some of an organizational nature, others more personal.

As previously discussed, many innovation programs suffer from a "they own innovation" syndrome, with specific departments guarding innovation, so something that should be an organizational movement is drastically inhibited. A good litmus test is the tolerance for failure. Despite what they say, most organizational leaders have limited tolerance for failure. Don't just talk innovation, walk it. Avoid innovation inertia with real budget allocations in your annual planning. Then you can go beyond what most corporate innovation programs are—mere digital suggestion boxes. Our survey suggests that pilot programs are one of the most effective tactics for driving digital transformation—71% of respondents said they were effective.

Our recommendation is to start with the digitalization of processes and products, followed by supporting transformation from within rather than bringing digital into the organization from outside, though according to our survey, consultants can sometimes be helpful. In our experience, searching for the unicorns—exponentially disruptive start-ups—can inhibit transformation by not developing digital transformation leaders internally. We know that innovative leadership is scarce in many companies, since innovative leaders are not by nature organizational creatures. It is rare that leaders will cannibalize themselves willingly, or even threaten their existence in the name of digital, regardless of the promise it holds.

But leadership-driven change can work. In our survey, 47% of respondents said a culture change from the top has been effective in their organizations. Many of them—43%—also agreed that their organization benefited from a clear digital strategy and roadmap. Transformational leadership requires reflection, so we recommend you take time out to **consider the 10 digital transformation leadership questions** (see page 12). By raising your awareness with the questions, you can prepare your employees, customers, and community to live new digitally enabled experiences.

©2018 Center for Creative Leadership. All rights reserved.

10 Digital Transformation Questions

1. **Digital Vision:** Are you addressing customer pain points to solve a business issue, or seeking new value? The goalpost of innovation-led transformation should be a massively transformative purpose.
2. **Strategic Intent:** Do you seek a 10% or 10x innovation impact? Innovation needs a purpose, so define the market opportunities that necessitate an innovation program. Be clear on your objectives.
3. **Stories and Experiences:** What stories or experiences do you have to illustrate how digitally enabled products and services can fulfill user needs? Keep in mind, ideas become reality by adoption.
4. **A Talented Community:** What are the backgrounds, skills, culture, mindsets, and training of your digital champions? It takes a tribe to sustain and scale innovation and create a movement.
5. **Outside-In:** Who have you brought in from outside to influence the digital mandate? Often cross-pollination produces the best ideas. Bringing ideas from the outside can help spur transformation.
6. **Engage the Ecosystem:** What partners and alliances can you pursue to spark and sustain innovation? Digital innovation in a market is ultimately a collaborative effort across a value chain.
7. **Execution:** What methods and phases can you introduce to spread the digital agenda? Experimentation can deliver wins that disrupt the status quo and achieve a transformation groundswell.
8. **Programs, Platforms, and Processes:** How have you positioned, organized, and enabled the program with digital to stimulate creativity and sustain success? Digital transformation needs resources to achieve business objectives.
9. **Culture:** Do you have leadership role models, social/digital platforms, organizational events, cultural references, collaboration processes, learning opportunities, and physical space to promote and sustain cultural transformation? Many levers are required to reinforce a digital culture and transformation.
10. **Transformation Leadership:** What behaviors guide your daily dose of digital interaction? A digital culture starts at the top. You need transformation leadership across all levels of the organization to drive change and innovation.

Change Your Game

Digital transformation is changing the business landscape in significant ways. However, unlike other change drivers, digital transformation is a continual process propelled by constant innovation and changing user experience and digital platforms and solutions. Digital transformation is a never-ending process that could be inspiring to those who adopt an innovation outlook and culture, but daunting to those who are slow to innovate and adopt new technologies. Companies can take advantage of the constant flux in digital transformation to lead game-changing initiatives that drive transformation by inventing new products and services, or by improving business processes through the shrewd use of digital technology. To lead digital transformation effectively, companies need to have a coherent business strategy, a commitment to attract and develop the right talent, and time and resources devoted to driving digital transformation initiatives in a sustainable manner. Leading digital transformation will ultimately build digital-savvy leaders who have passion and purpose. With these powers, you can play the transformation game to win.

©2018 Center for Creative Leadership. All rights reserved.

Find Your Future Fluency

**It's one thing to imagine the future.
It's quite another to lead it.**

At CCL, we speak future. We've inspired hundreds of thousands of leaders around the world to embrace emerging challenges today and lead into tomorrow. Let us help you transform yourself, your team, and your organization.

www.ccl.org/FutureFluency

About the Authors

Joseph Press, PhD, is the global innovator and strategic advisor to the Center for Creative Leadership's (CCL®) president and CEO. Collaborating with leadership across CCL globally, he champions innovation, digital transformation, and creative leadership with clients. Joseph brings over 16 years' experience as an innovation and digital transformation consultant. As the director of Deloitte Digital Switzerland, he worked with global clients on digital transformation and innovation initiatives to achieve business results and accelerate organizational evolution. Prior to his consulting career at Deloitte, Joseph was an architectural designer in the United States and Europe, the Middle East, and Africa. He was responsible for a range of public and private buildings, most notably the workplace design of the AOL Time Warner headquarters in Paris, France. Joseph completed his MA in architectural studies and PhD in design technology at MIT. He is a visiting faculty member at Parsons The New School For Design, the design thinking program at St. Gallen, and Politecnico de Milano.

Thomas Goh, PhD, is a veteran consultant and business leader with a strong track record over the past 25 years of helping clients improve their business performance through strategy, innovation, agility, leadership, and capability. Thomas has helped hundreds of clients to deliver high-impact and actionable interventions across five continents. He received multiple awards for driving business growth, people matters, and knowledge contributions. As chief client officer and managing director for CCL's Asia Pacific Region, Thomas guides CCL's strategy, people, and businesses across Asia Pacific. Before joining CCL, Thomas was McKinsey's client services leader for Asia Pacific and a member of its global core team of agility service line. He also held a portfolio of business leader, partner, and director positions at leading consulting firms.

Jerome Relly is an experienced designer and program manager in the global CCL Innovation and Digital practice. He supports leading organizations on their digital transformation journey and equips leaders to accelerate innovation delivery and drive cultural change. Jerome seeks to transform leadership and business simultaneously to successfully create shared value in the digital age for people and communities. During his more than 10 year career, Jerome has consulted clients from various industries including life sciences, financial services, and consumer products to unlock innovation power, pivot strategies, and enable more systemic and collaborative operating models. Prior to joining CCL, he led the Digital Learning practice for Deloitte Switzerland.

To learn more about this topic or the Center for Creative Leadership's programs and products, please contact our Client Services team.

+1 800 780 1031 +1 336 545 2810 info@ccl.org

©2018 Center for Creative Leadership. All rights reserved.

The Center for Creative Leadership (CCL®) is a top-ranked, global provider of leadership development. By leveraging the power of leadership to drive results that matter most to clients, CCL transforms individual leaders, teams, organizations, and society. Our array of cutting-edge solutions is steeped in extensive research and experience gained from working with hundreds of thousands of leaders at all levels. Ranked among the world's top providers of executive education by the *Financial Times*, CCL has 12 offices in 10 countries worldwide.

Americas
www.ccl.org

Greensboro, North Carolina
+1 336 545 2810
info@ccl.org

Colorado Springs, Colorado

San Diego, California

Europe, Middle East, Africa
www.ccl.org/emea

Brussels, Belgium
+32 (0) 2 679 09 10
ccl.emea@ccl.org

Addis Ababa, Ethiopia
ccl.ethiopia@ccl.org

Berlin, Germany
ccl.dach@ccl.org

Johannesburg, South Africa
southafrica.office@ccl.org

London, United Kingdom
ccl.uk@ccl.org

Moscow, Russia
ccl.cis@ccl.org

Asia Pacific
www.ccl.org/apac

Singapore
+65 6854 6000
ccl.apac@ccl.org

Gurgaon, India
cclindia@ccl.org

Shanghai, China
ccl.china@ccl.org

Affiliate Locations: *Chicago, Illinois • Melbourne, Australia • Niagara-on-the-Lake, Ontario, Canada Ottawa, Ontario, Canada • São Paulo, Brazil • Seoul, South Korea • St. Petersburg, Florida • Tokyo, Japan*

Center for Creative Leadership® and CCL® are registered trademarks owned by the Center for Creative Leadership.
©2019 Center for Creative Leadership. All rights reserved.

July 2018