

# Digital Transformation: Your First 100 Days

Digital Transformation Best Practices: Six Ways To Kick-Start Your Transformation Efforts

by Julie A. Ask and Jeffrey S. Hammond

June 13, 2018

## Why Read This Report

Just because Fortune 500 companies weren't born digital doesn't mean they can't evolve their development and delivery operations to build the next generation of digital experiences. Doing so demands many changes and strong senior leadership and is a multiyear journey. But how do you get started? Forrester interviewed more than 40 senior digital business leaders to find out.

## Key Takeaways

### **C-Level Leaders Must Initiate Change**

Dramatic changes that instill agile processes, change culture, recruit expertise, and colocate teams typically start when the C-suite brings in an experienced senior leader and gives her autonomy and support.

### **Change Management Skills Are Just As Important As Technical Skills**

Change management principles of building momentum through small wins, communicating early and often, and focusing on getting buy-in to your vision are just as important as native mobile development, cloud, and API design skills.

### **Be Agile In Spirit**

Being agile demands that you have the right talent, culture, organization, metrics, and technology in place — not just a set of processes and tactics. Start your journey by ensuring that development shops have the right culture to attract and retain mobile talent.

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## Digital Transformation Best Practices: Six Ways To Kick-Start Your Transformation Efforts

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June 13, 2018

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### Related Research Documents

- [Born Mobile](#)
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## Mutate Your Delivery DNA To Kick-Start Change

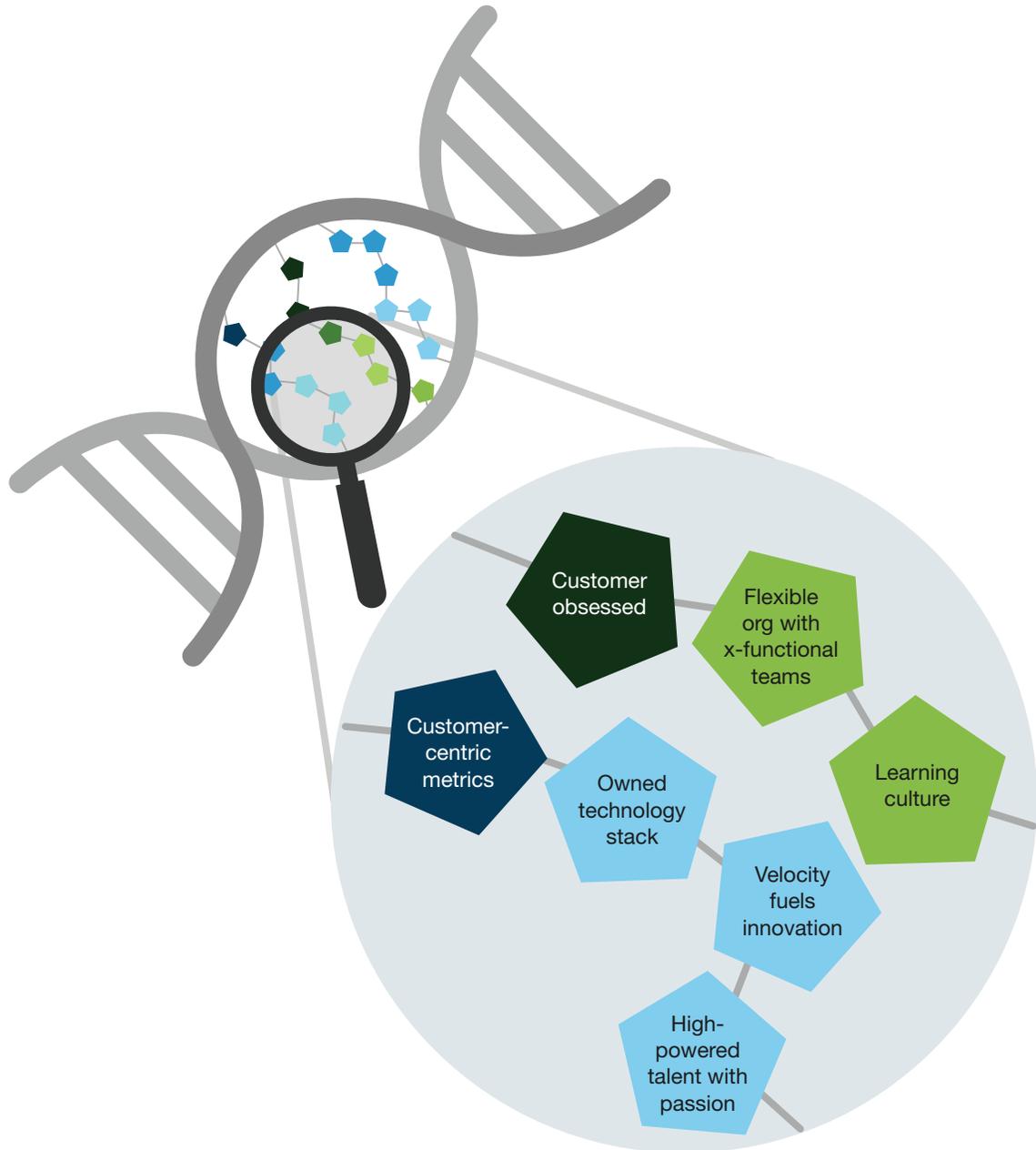
Most Fortune 500 companies lack the operational models to build and deliver next-generation digital experiences. Their delivery operations are akin to large cargo ships carrying heavy loads on transoceanic journeys. Digital native companies use operational models more akin to speedboats; they can change direction and speed rapidly to adapt to evolving consumer expectations and technologies. These disruptors have institutional DNA that fundamentally differs from most Fortune 500 firms (see Figure 1).

Large enterprises often begin by bolting on digital to their existing business models, operations, and team structures. They struggle to evolve their digital delivery operations or mutate their DNA. But leading digital organizations are making the shift. Forrester interviewed more than 40 digital business and technology leaders in Fortune 500 companies to understand how they are transforming their operations and consolidating digital delivery capacity. This report shares their wisdom on how to get started (see Figure 2).

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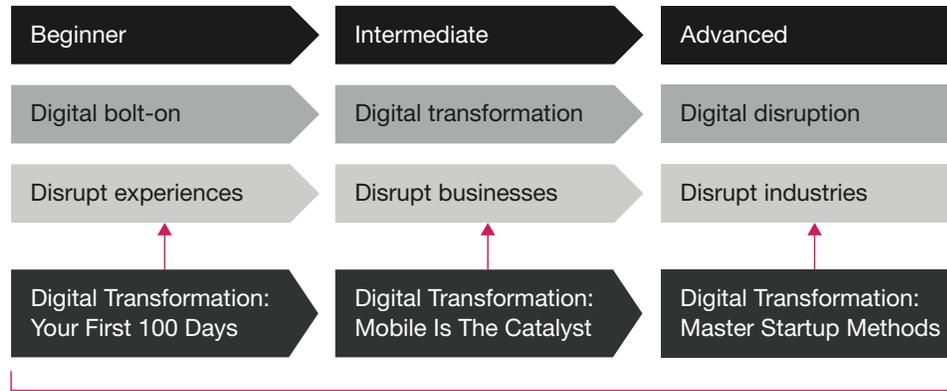
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**FIGURE 1** Born-Digital Companies Start Out Fundamentally Differently



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**FIGURE 2** Start On The Path To Digital Business Mastery

These digital transformation best practices reports help you galvanize your delivery capability at each stage of digital maturity.

### 1. Start With Buy-In And Commitment From C-Level Leaders

Building next-generation digital experiences demands cross-functional teams freed from the constraints of legacy organizations, waterfall processes, individualized metrics, and more. The most senior business and technology leaders within an organization, who are responsible for the future growth and viability of the business, must commit to this. Most of the senior digital leaders we interviewed were hired from the outside — not groomed from within. Successful change agents told us that real change begins when the C-suite:

- › **Recruit new senior leaders who make autonomy a condition of employment.** In at least half of the digital transformations we looked at, senior leaders hired external talent to lead the change. External hires are better positioned to demand the autonomy necessary to drive widescale change; internal hires often make incremental decisions because their organizations haven't rewarded risk. Examples of change include new technology platforms, culture, talent, and processes. On the flip side, enterprises struggle to retain this talent once there is momentum.
- › **Make data-driven decisions.** Too many senior leaders pride themselves on impulsive moves, such as "We need an app" or "We should do [what our competition is doing]." The loudest voice in the room often drives decision making. Digital makes feedback instantly available. At Expedia, the CEO participates in monthly meetings where the team reviews hypotheses tested in the previous month and agrees on next steps, including what new hypotheses to test. It bases decisions on data-supported KPIs defined upfront.
- › **Break down the barrier between digital and development.** In traditional Fortune 500 organizations, execution is left to the technology group or a third party. But leaders we spoke with make key hires of design, development, and delivery skills within the digital organization, or at

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least structure day-to-day reporting of delivery teams into digital product management. Some 66% of mobile executives colocate the teams for their mobile initiatives, and only 15% rely entirely on external app development resources.<sup>1</sup>

**2. Identify Pathfinder Projects To Build Momentum With Small Wins**

Many executives gave us the same topline answer to the question “What is the one thing you would tell those just starting?” But Brian Tilzer, CVS Caremark’s former SVP, chief digital officer, sums it up best: “Ensure you nail momentum overwhelmingly to things that are meaningful early on. You have to look at what builds confidence with decision makers.” From there, we peeled back the layers to learn more. You can’t do it all at once. Successful leaders who build momentum start by:

- › **Understanding their customers and their purpose.** Customer-centric thinking forces strategy and technology decisions to deliver true value to both customers and the business. Well-defined business objectives force prioritization. As one insurance professional said: “We didn’t spend enough time trying to understand our customers’ pain points. As a result, we were too incremental — we chased our tails a bit. We missed an opportunity.” Walgreens’ former CTO Abhi Dhar goes further: “Everyone needs to be an advocate of the customer.”
- › **Choosing projects that matter to both consumers and their business.** First, focus on services essential to your customer. If you don’t, you won’t drive the adoption or engagement you need to demonstrate success. From there, Alyssa Waxenberg, SPG’s former VP, mobile and consumer experience, told us to tie those initiatives to business priorities like customer satisfaction, loyalty, and, in SPG’s case, revenue. More than one executive told us, “When you are delivering tens or hundreds of millions in revenue (if not more), your C-suite pays attention.”
- › **Adopting a minimum viable product (MVP) approach with Agile teams.** A five- to seven-person Agile IDEA team can’t boil the ocean in six to eight weeks — nor should it. Ask not “How much can we deliver?” but “How fast can we get into a customer feedback cycle?” Mobile telemetry, engagement analytics, and real customer ratings will drive faster improvement than lengthy requirements documents or extended beta cycles. Twenty-six percent of executives involved in digital transformation release updates to their core app monthly, and a further 11% do so weekly.<sup>2</sup>

**3. Communicate Early And Often With Everyone — Not Just Digital Leaders**

People fear what they don’t understand. Change scares people if they feel their compensation or jobs may be at risk. Enterprises don’t incentivize most employees to take risks — rather to maintain the status quo with incremental growth. Digital changes organizations, processes, roles, and metrics in addition to how employees work. Communicating early and often to gain buy-in is essential according to The Home Depot’s Matt Jones. Digital business leaders who successfully drive change:

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- › **Build bridges throughout the organization.** While US consumers spent about \$76.6 billion on smartphones in 2017, smartphones influenced a further \$1.1 trillion in sales.<sup>3</sup> Digital business leaders must work closely with their technology and offline counterparts to drive such results. To create a unified online and offline photo product offering, Walgreens' former CMO Sona Chawla had to build bridges between eCommerce, development, and stores. This resulted in an increase in the percentage of online orders from mobile for prints from 1% in 2010 to 40% in 2013.<sup>4</sup>
- › **Use design thinking to steer agile process investments.** Agile processes address the speed of delivery, but they aren't customer-focused *per se*. Pairing outside-in experience design techniques like customer journey mapping, ethnography, and information design, smart organizations work with design thinking professionals to anticipate changes and communicate early and often. This is "as much about change management as it is about technology or what you can build," advises the American Museum of Natural History's Chief Digital Officer Catherine Devine.
- › **Are accountable early on to everyone.** Digital offers a fast and unparalleled view of what is working and what isn't. As your team takes on more responsibility for business outcomes, "don't look for excuses," says IHG's VP of mobile solutions, digital guest experience and applied discovery, Bill Keen. "You'll build the trust you need when people learn to trust you with their money." Franchise models like hotels and quick service restaurants face phenomenal pressure here because they are not spending corporate funds but those of small business owners operating, at times, with slim margins.
- › **Support their digital allies.** Many digital leaders are new to their organizations. More than one told us: "I wish I had listened more early on. I underestimated the resistance I faced and the lack of understanding that executives had of the impact mobile would have on the business." While the C-suite expects these leaders to be autonomous, digital leaders need the help of the C-suite to sell transformation internally and get the broad buy-in they need for budget and to drive change downstream. They also need the support of development leaders to reconcile the opportunities with what's technically possible.

#### 4. Shift Your Firm's Relationship With Digital

Increasingly sophisticated digital experiences set your customers' expectations while unlocking the context or insights that you need to win, serve, and retain them. Don't treat building digital experiences as yet another tech project. Digital changes not only how you serve customers but also how each employee works. It's your job to achieve buy-in from everyone — from senior managers to field service reps. Those teams that create a common vision:

- › **Start with a bolt-on strategy.** Your executives will want an app, or a chatbot, or whatever next year's fad is to keep up with the competition. They may look like distractions — low adoption, poor conversion rates, too few downloads, and little engagement — but tactical digital initiatives build momentum for transformation. As Joshua Sloser, Hilton Hotels' senior vice president of digital product and innovation, told us: "Persevere with building a strategy. It takes some wins to get the organization behind you, but it's worth it in the long run."

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- › **Digitize their business strategy.** In an increasingly connected world, digital enables your broader business strategy and supports your enterprise's core objectives. Help your executives understand these opportunities. Work with enterprise architects to ensure that your infrastructure is ready to support the demands of new digital experiences. Nataki Edwards, AARP's SVP of digital marketing, strategy, and innovation, echoed this wisdom: "Evolve your business strategy. Don't just build an app." Brian Tilzer, CVS Caremark's former SVP and chief digital officer, offered similar advice: "You have to be able to contribute within the context of the business."

**5. Hire People Who Can Help You Embed Agility Into Your Organization**

Traditional workplace environments with fixed cube farms, steep hierarchies, and cultures that reward compliance will fail to make the changes necessary to operate in an environment where technology and consumer expectations change so quickly. Digital business leaders must hire the right talent and drive the cultural change needed to keep them. How to start?

- › **Get the talent right first.** The talent you need to get started differs from what you need to succeed in the long run. You need sprinters and creative, experienced developers early on; if you can find digital or mobile natives, that's even better.<sup>5</sup> Add long-distance athletes later. Early hires set the strategic vision and shape the culture. Once you get them, trust them. You'll spend 80% to 90% of your budget building a technology stack to deliver digital experiences that will multiply rapidly. As Whistle co-founder Ben Jacobs says: "Hire a couple of really good people rather than scaling fast. You don't need a big team — technology scales, not people."
- › **Become agile in spirit and practice.** Most executives we interviewed didn't call themselves "agile," but they were on a path toward being more agile. They hired scrum masters or augmented their internal staff with external scrum masters to transfer knowledge and teach their organizations how to operate with an agile philosophy. Place small bets and learn from them. Invest more where you get traction, and recover quickly from mistakes. As David Fleishman, Expedia's former vice president of global product, told us: "Great product managers are only right a third of the time."
- › **Create a culture that tolerates failure to drive speed.** Chasing feature parity is a strategy for slow followers. Leaders and fast followers start work with smart hypotheses and test them. Sometimes they are right; sometimes they're wrong. In 2018, there is no alternative to an MVP approach for consumer-facing experiences. As Grubhub's former CMO Barbara Martin Coppola says: "It is about trying, trying, and trying until you make it. Don't rest until you figure it out. We felt very confident about some things we got wrong until we tested."
- › **Combine a long-term vision with short-term plans and builds.** Many of our interviewees reiterated this message. Don't build 12- or 24-month road maps; test and learn instead. As Deere & Company's Aaron Senneff says: "Just ride the wave. If you analyze or think too much about the risk, you'll move too slowly and miss obvious opportunities."<sup>6</sup> Tjaling Smit, former SVP of digital at

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KLM, echoed this advice: “It is completely impossible to think of or design the ultimate customer experience and try to map it. By the time you have developed it, the puck will have moved. Just try. As soon as you know what sticks, move on and go to it. Don’t strive for one big end state.”

**6. Challenge The Status Quo To Drive Collaboration With Technology Teams**

Digital business leaders have a history of working around their technology teams. Technology leaders must ask themselves why. If business leaders feel pressure to chase new opportunities quickly and keep up with the competition and consumer expectations, they won’t wait for development leaders focused on maintaining costs or architects pursuing standards and a change-averse approach to delivery. Instead, business teams will look externally for help, all too often at the expense of long-term success. Make sure your firm doesn’t fall into this trap and:

- › **Default to cross-functional team structures.** An “us versus them” mentality will fail. While digital leaders own business professionals like product managers and designers, and CIOs often own developers, everyone must speak a common language and operate as a single, colocated team with common metrics. Colocated teams with shared goals also share responsibility to deliver the results. As IHG’s Bill Keen says: “We stopped [using] language like ‘the business team this’ and ‘the IT team that.’”
- › **Use a “two in the box” model to minimize conflict.** Business leaders chafe when digital is treated as just another tech project. Technology leaders chafe when business peers aren’t invested in day-to-day decision making. The “two in the box” model makes a product manager and a scrum master collectively responsible for successful on-time delivery to achieve the business outcome. It localizes scoping tradeoffs inside the delivery team and limits trust-sapping escalations. FedEx’s Charlie Ciaramitaro echoes this: “The beauty of agile is that there are no arguments within the teams or the executives.”

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As part of the forecast modeling, Forrester develops comprehensive historical and base-year market size estimates based on a variety of sources, including public financial documents, executive interviews, Forrester's proprietary primary consumer and executive research, and analysis of the internet traffic database.

All of Forrester's forecasts are designed by a dedicated team of forecasting analysts who build the models, conduct extensive industry research, and manage the process of formally building consensus among Forrester's analysts. Forecast analysts have backgrounds in investment banking, management consulting, and market research, where they developed extensive experience with industry and company forecasting.

**Survey Methodology**

Forrester's H2 2017 Global Mobile Executive Online Survey was fielded to global executives. For quality assurance, we screened respondents to ensure they met minimum standards of either owning or having extensive knowledge of their mobile strategies and services. Forrester fielded the survey from Q2 to Q3 2017. Respondent incentives included a summary of the survey results. Exact sample sizes are provided in this report on a question-by-question basis. This survey used a self-selected group of respondents and is therefore not random. This data is not guaranteed to be representative of the population, and, unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes. While nonrandom, the survey is still a valuable tool for understanding where users are today and where the industry is headed.

**Companies Interviewed For This Report**

We would like to thank the individuals from the following companies who generously gave their time during the research for this report.

AARP	CVS Caremark
Alex & Ani	Deere and Company
All England Lawn And Tennis Club (AELTC)	Estée Lauder
American Museum of Natural History	Expedia
Australian Taxation Office	FedEx
Caterpillar	General Electric (Transportation)
CheBanca	General Motors Financial
CIBC	Grubhub
Cintas	Haven Life Insurance Agency
Commonwealth Bank of Australia	Herman Miller

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Target

IHG

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KLM

T. Rowe Price

Lark Technologies

Ulta Beauty

Macquarie Group

Union Bank &amp; Trust

Michael Kors

United Airlines

Monsanto

United Parcel Service of America

Nationwide Mutual Insurance

Westpac Banking

Nestlé

WestRock

Recreational Equipment

Whistle Labs

RetailMeNot

YMCA Twin Cities and Minnesota

## Endnotes

<sup>1</sup> Source: Forrester's H2 2017 Global Mobile Executive Online Survey.

<sup>2</sup> Source: Forrester's H2 2017 Global Mobile Executive Online Survey.

<sup>3</sup> Smartphone-influenced sales are those researched on a smartphone but purchased offline. See the Forrester report "[Forrester Data: Digital-Influenced Retail Sales Forecast, 2017 To 2022 \(US\)](#)."

<sup>4</sup> Source: Ted Schadler, Josh Bernoff, and Julie Ask, *The Mobile Mind Shift: Engineer Your Business to Win in the Mobile Moment*, Groundswell Press, 2014.

<sup>5</sup> As speed is essential early on and you don't have time to sell your vision, start with employees who completely buy into mobile already. Professionals with two decades of experience building websites understand your architecture well and can be valuable assets but lean too much on doing old things in new ways or making incremental changes. Later on, you can migrate those who understand your industry, company, and back-end systems well.

<sup>6</sup> Aaron Senneff's full title is engineering manager, on board applications at Deere & Company Intelligent Solutions Group.

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