

Leading Digital Transformation in the Enterprise



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THE DIGITAL TRANSFORMATION PLAYBOOK

DOMAINS

STRATEGIC THEMES

KEY CONCEPTS



CUSTOMERS

Harness customer networks

- reinvented marketing funnel
- path to purchase
- core behaviors of customer networks



COMPETITION

Build platforms, not just products

- platform business models
- (in)direct network effects
- (dis)intermediation
- competitive value trains



DATA

Turn data into assets

- templates of data value
- drivers of big data
- data-driven decision making



INNOVATION

Innovate by rapid experimentation

- divergent experimentation
- convergent experimentation
- minimum viable prototype
- paths to scaling up



VALUE

Adapt your value proposition

- concepts of market value
- paths out of a declining market
- steps to value prop evolution

Strategic planning tools

- Customer Network Behaviors (AECCC)
- 4 Data Value Templates
- Platform Business Model Map
- Competitive Value Train
- Value Proposition Roadmap
- Convergent & Divergent Experimental Methods
- Disruptive Business Model Map
- Disruptive Response Planner

THE DIGITAL TRANSFORMATION PLAYBOOK

Rethink your **business** for the **digital age**



DAVID L. ROGERS

1. Goals

Set your goals first: Why digital transformation?



Mario Pieper
Chief Digital Officer
BSH Bosch and Siemens

B/S/H/

Link digital strategy to corporate strategy

(sample) Corporate Strategic Goals:

1. Protect leadership position in each business unit
2. Increase profitability
3. Aggressively grow each business group
4. Expand geographically

NOT technology-first

“we need a social media strategy”

“we need a big data initiative”

“we are launching an IoT project”

“we are implementing A.I.”

Where will you seek to create value?

Key value drivers of digital strategy

- Customer experience
- Operational excellence
- New business models



2. Skills & People

“Incubation” skills...

- **risk** tolerance,
- **seeding** diverse **ideas** with resources,
- welcoming **outsiders** who don't fit your organizational culture,
- empowering **entrepreneurs**,
- developing an **innovation** process based on **discovery** and assumptions-testing,
- maintaining a **customer-centric** view,
- and being willing to let **new ventures cannibalize** existing ones

...plus, “Integration” skills

- building a compelling **business case**,
- developing a clear **proof of concept**,
- **selling** new ideas to diverse internal constituencies,
- finding the right executive **sponsorship**,
- working with **budgets** based on business outcomes,
- managing **accountability** to multiple stakeholders,
- and being able to **scale up** operations

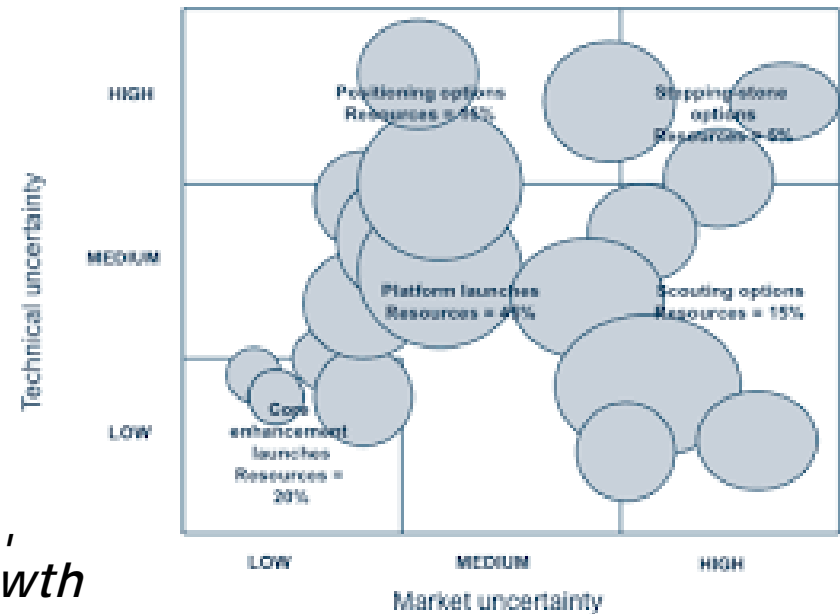
3. Processes

Allocating resources

How will you decide what to invest in?

Are you able to disengage from initiatives and lines of business that lack future potential?

Can you apply resources from older business lines to support new ventures?



Rita Gunther McGrath,
Discovery-Driven Growth

Choosing what to measure

What outcomes are being measured by senior decision-makers?

Do they simply relate to existing business practices or can they support new directions?

What should you be measuring at different stages of a transition to a new business model?



“Time-To-Market is the New Indicator of Success”
– Jonathan Becher,
Chief Digital Officer, SAP

Aligning Incentives

What kind of behavior is enabled, supported, and rewarded in your organization?

What are managers held accountable for? How are they assigned to new positions?



Do compensation and recognition support or hinder the necessary changes in your strategy?

4. Managing in Parallel

In the digital era... Every business model is temporary



NETFLIX

DVD by
mail



Streaming
(licensed)

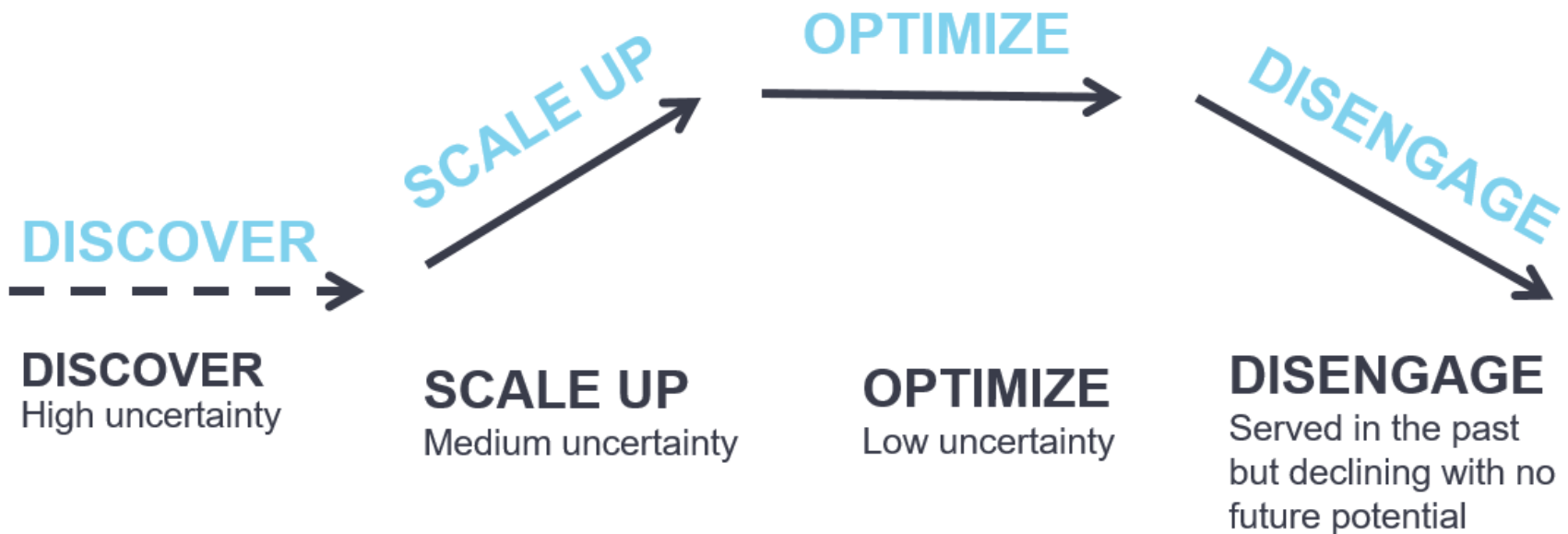


Content
producer

How to keep your old plane flying while building a new one?



SELECT the right management model for each initiative



MANAGE implementation to match business stage

FUNDING

- How frequently should funding be allocated to this initiative?
- Who allocates?
- From what source?

METRICS

- How should we measure results?
- What should we be optimizing for?
- What kind of failure tolerance do we have?

TALENT

- What kind of people do we need for this initiative to succeed?
- Where will we draw them from? (inside or outside XYZ)
- How do we incentivize & reward participation in this initiative?

GOVERNANCE

- Who should oversee this initiative?
- Who does it report to?

5. Vision

Who leads?

CIO

CDO

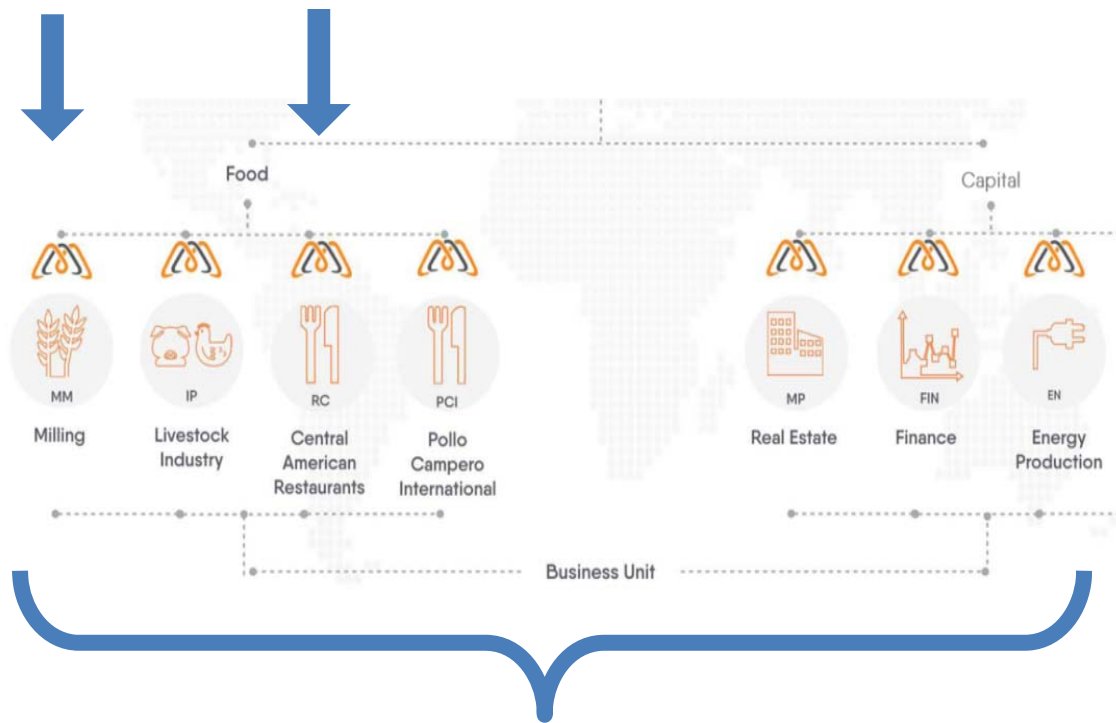
CEO

Build a Roadmap for Digital Transformation

- **Vision** (where are we going?)
- **Strategy** (how will we get there?)
- **Value drivers** (how will this impact financial returns?)
- **Metrics** (how will we measure progress?)
- **Talent** (who do we need & how do we engage them?)
- **Funding** (how will we allocate budgets?)
- **Governance** (who leads? what is localized vs. centralized?)

Don't miss the forest for the trees!

Digital strategies within BU's



Digital strategies across BUs?

Digital opportunities outside of current BU's?



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Program Conclusion

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Thank you... and keep in touch!