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FACT SHEET: Session 2 - The Stages and Barriers to Digital Transformation

This session will focus on the stages of digital transformation and the important role that leadership plays in its success. We will also explore digital and social touch points.

- o Leadership in digital transformation
- o Discover the three stages of businesses as they transform
- o Learn the barriers to these stages
- o Digital and Social touch points
- o Learn the areas of customer engagement

Defining Digital transformation:

The integration of digital technology into all areas of a business, fundamentally changing how you operate and deliver value to customers. It's also a cultural change that requires organisations to continually challenge the status quo, experiment, and get comfortable with agile and responsive trial and error.

As we explored in the Session 1 of our Webinars, the first step of any organisation to digitally transform is to create a detailed digital strategy.

This takes a commitment from the senior management team who will ultimately drive this strategy. But all staff must be involved. The leading cause for unsuccessful digital strategies is failing to engage staff and failure to collect critical information on the details of all processes and procedures. When a digital strategy is foisted on a workforce it will be criticised and undermined.

We also covered the 5 Domains of Digital Transformation. These domains are the pillars in which every business should look at migrating their work to a digital format. These are areas which require a market driven solution from your digital transformation strategy.

- Customers - How you serve, engage, document, survey and update your client base
- Competition – How you promote, compete, engage, track/map and analyse your competitors
- Data – How you collect, analyse, update and filter useful data
- Innovation – How to continue to innovate and research new innovation in technology, business practices and create change within your organisation

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- Value – How do you create value propositions for your employees, clients, stakeholders, bottom line, the wider sector, NDIS, the Q&S Commission, the Royal Commission, your Board and your Executive Management Team.

Although leadership from the top is critical for successful Digital Transformations, the process can come from within and from unlikely sources. Often the best ideas come from the people doing the jobs every day which need to transform.

There are three stages of an organisation throughout the Digital Transformation journey.

They are:

- **Early Stages**
- **Developing Stages**
- **Maturing Stages.**

Within those three stages, an organisation will evolve in five transitional milestone phases. As an organisation, all of you would fit into one of those phases.

The Five Transitional Milestone Phases of Digital Transformation

Ready To Go:

- Currently with a restrictive corporate structure with no adaptive culture present
- Ad hoc digital skills and no digital transformation strategy in place

Learning to Walk:

- An emerging adaptive future with some integration between systems, clients, employees and stakeholders
- Digital has strategic value and a strategy is beginning to be formed

Gathering Speed:

- Digital leadership in the organisation has created a 'Test and Learn' culture
- Processes have been developed and the digital strategy has been commenced which is starting the ability to create change in the organisation

Sprinter:

- Culture running as an adaptive culture and ongoing monitoring to ensure that the converged digital processes are functioning

- A deeper audience connection has been formed and data, feedback and communication is being collected and analysed

Keeping Pace:

- Your organisation if working on predictive scenarios to be prepared for change and progress
- Your organisation has established a well working adaptive business model which is customer centric, profitable and now collecting the critical information required for reporting, funding and audits
- Your organisation has identified digital champions who assist your executive management team in buy-in from both customers and employees

Based on the three stages of Digital Transformation

- **Early Stages**
- **Developing Stages**
- **Maturing Stages.**

Where your organisation has digitally transformed your processes, client engagement, staff, business models and marketing.   How many of you are:

Early stages: Type in '1' in the comments and question section of the Webinar

Developing stages: Type in '2' in the comments and question section of the Webinar

Maturing stages: Type in '3' in the comments and question section of the Webinar

To effectively understand and meet the challenges of digital transformation, we need to understand the top barriers which hinder it. Also, we will look at how to address some of those barriers.

The Top Three Barriers of Digital Transformation

Early Stages:
Only 15% say their organisation have a clear and coherent digital strategy
The top barriers to which hinders digital transformation:
1. Lack of strategy
2. Too many priorities
3. Lack of management understanding

Developing Stages:

49% have a clear digital strategy

The top barriers to which hinders digital transformation:

1. Too many priorities
2. Lack of strategy
3. Insufficient tech skills

Maturing Stages:

81% have a clear digital strategy

The top barriers to which hinders digital transformation:

1. Too many priorities
2. Security concerns
3. Insufficient tech skills

You'll note that all three stages have identified 'too many priorities' as a barrier. Let's explore how to overcome that barrier in your digital transformation journey.

Too many priorities:

Time Management: 63% of Australian businesses waste time on admin tasks

81 days of business could be recovered by effective time management.

A recent global Sage Survey of over 3,000 small and medium-sized businesses (SMBs) reveals the average Australian business spends this much time per year on admin tasks. Organisations that adopt technology to automate these processes can divert this time to grow the business.

How much does admin cost Australian businesses?

While Australian SMBs spend far less time on admin than the global average of 120 days per year, the financial cost they incur is markedly higher than most countries.

Australian SMBs boast the third highest average admin costs out of the 11 countries surveyed, at just over $79,000 per annum – higher than the global average of $64,000. For microbusinesses – those with five or less employees – the costs are even starker. Australian microbusinesses suffer from a disproportionate cost of admin, equivalent to 14 percent of total turnover, second only to the US where the figure is 18 percent.

To put this in perspective, the nation with the highest admin costs after Australia is Spain, where they equal only 4% of turnover.

The digital shift is happening at a slower rate

Data shows that the digital shift is happening slower than expected.

Only 19% of Australian SMBs have fully digitised their accounting, with 62% having no software solution in place at all.
Cost, time, and complexity were the top three reasons delaying Australian SMBs from digitising their admin processes.
While the top three reasons cited in favour of adopting technology were cost savings, consistency, and freeing up staff.

Prioritise Your Time:

1. **Don't use your Inbox as a to-do list. Start your day by looking at your calendar and your to-do list**

2. **Turn off distractions and don't live your life by default.**

3. **Plan for interruptions. Learn to say 'No' and schedule a time for them to come back.**

4. **Only check your email a few times per day.**

6. **Prioritise your work based on the value it will add. Consolidate similar tasks. Tackle tough jobs first.**

7. **Close your day. Schedule the end of the day to plan for the next and document new accomplishments.**

8. **Insist on an agenda for meetings. Reduce meeting times.**

9. **Manage other people's expectations. The organisations digital transformation should be a top priority!**

Another common thread in two of the three states was the lack of strategy.

Lack Of Strategy: As a refresh: A successful Digital Strategy is split into the following key areas of development.

Each other of these key areas must be detailed with clear definitions of your goals and a development plan of who is responsible, KPI's for delivery and what resources will be committed. Mapping out what is currently happening throughout the business and new ideas on how to use technology to improve these areas are also important. Don't worry about whether the technology to achieve these goals exists, focus on the ideas, the strategies and the end results required. A digital strategy should be split into the following areas.

- Business Goals – Transformational targets - Big picture, but not a vision statement. But goals which relate to the new goals of your organisation on this digital transformation journey. What do you expect from your executive management, your staff and your technology companies? What are the end goals to map your success back to?

- Outcomes – Specific desired results across each area of the business. This should include estimated percentages of improvement, engagement and profitability. The map to which you quantify success.

- Personas – Users and Needs – Who are the engagement key stakeholders? What level of security can they access your systems? Develop the levels of access and who can access the system. Through their phones, home computers, work stations only, any other devices?

- User Stories – Specific actions a user takes – how do people use your current systems? How would you like them to use the systems in the future? The beginning of mapping which leads into Vision.

- Vision – Prototype of solution – The actual mapping of the system you are looking to develop. Detailed wireframes of the processes, step by step in the system.

- Technology – Platform and tools – What are your legacy systems and what type of systems do you want into the future? (not by name, but by function)

- Roadmap – Enabling features by phase. The strategy for mapping the timing and KPI's of the successful strategy.

- Metrics – Metrics that measure usage, data, analytics, feedback and communication.
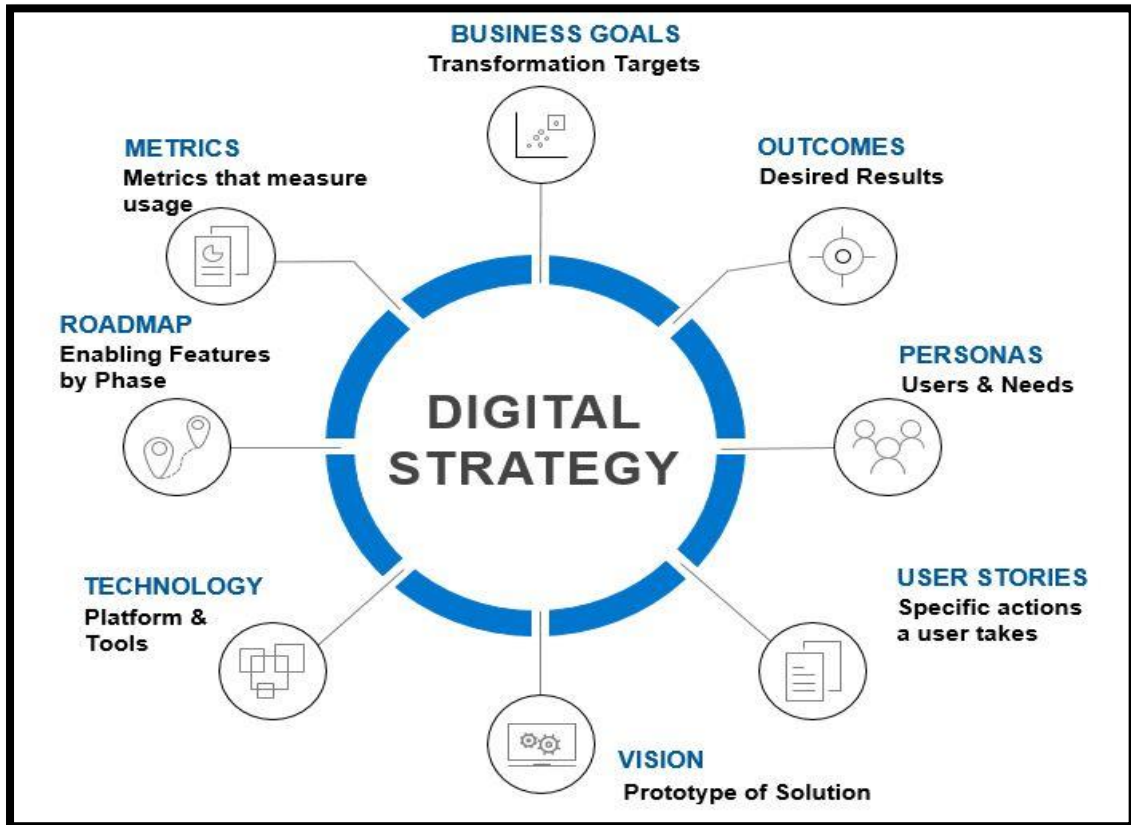
Other barriers to which hinders digital transformation:
- Lack of management understanding
- Security concerns
- Insufficient tech skills

The development of apps and other technologies to address these barriers will be critical to your success.
The Social and Digital Touch Points

☼ ----- ☻	Home	Car	Office	Appointments	Shop	Office	Car	Home
Smartphone	√	√	√	√	√	√	√	√
Computer – Desktop	√		√			√		√
Tablet	√		√	√		√		√
TV – Interactive	√				√			√

The Objectives for Digital Transformation

- ✓ Improve Customer Experience
  - o Increase Efficiency
  - o Improve Business Decision Making
  - o Cyber Security
  - o Improve Innovation
  - o Transform the business

A recent Customer Management IQ Survey found the importance of the customer experience to most organisations are at an all time high….
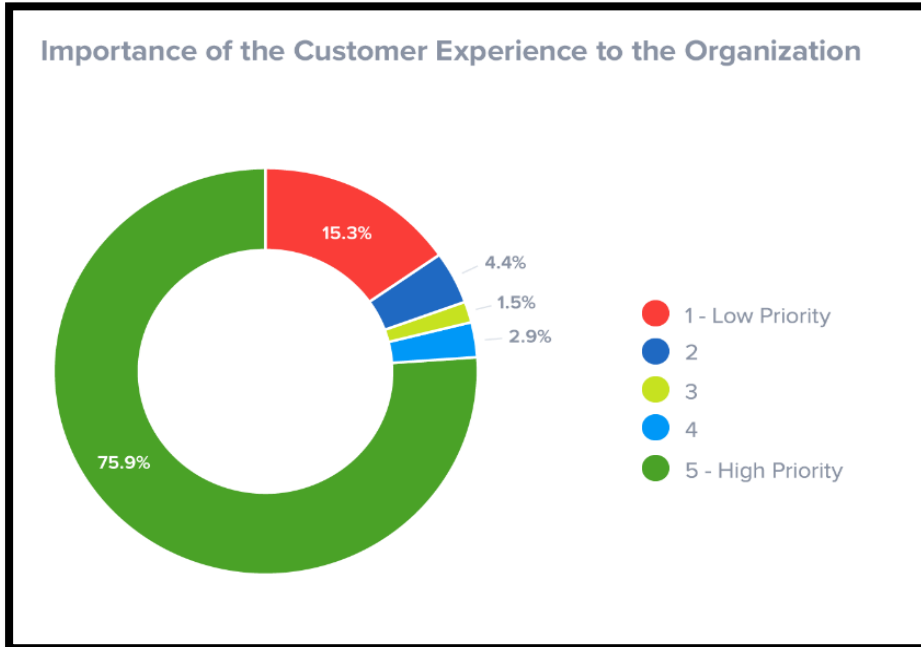
Improve Customer Experience

- How do you currently engage with your customers?
- How often?
- What feedback mechanisms are in place?
- Do you monitor regularly social media channels for posts?
- What behaviours will technology foster and which might it inhibit?

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How do you want to digitally engage with your customers in the future?

- Through their phones
- Email / Laptops / Home Computers
- Social networks
- Watches
- Tablets
- **In the future will you be notifying your participants of the status of their support worker through their digital eye glasses?**

Case Study: an example of the kind data providers should consider mapping, collecting and analysing

Sense T: Developing Tourism Travel Program - Ionata Digital

- o   Tracked 450 tourists in Tasmania last Summer – Where they stopped, how long they stayed and which routes they took.

Data Example: on average -
- o   Tourists spent 13 minutes at the Freycinet lookout and 47% then walked down to the beach

How can you improve your customer's experiences?

- o   Get to know your customers and establish your *ideal* future customers
- o   Create a strategic map of your customer experience vision and test/survey what your current customer experiences are
- o   Develop a customer centric culture. Start with your management team but this culture should be embedded into staff reviews and backed up with on-going coaching and training (including the establishment of a quality framework)
- o   Capture customer feedback in real time
- o   Reward your customers – customer appreciation and referral programs, participant of the month, a one-off discount on long-term customer anniversaries, free education for families
- o   Engage customers through social media and always respond to comments (good and bad)

Remember to always measure your customer experiences throughout the year. Analysing this data will provide strategic changes in your company operates, the way your staff is trained and your future success.

Resources:

Small Business Digital Champions online hub

www.ndp.org.au/learning-hub/small-business-digital-champions-project.

The hub will house all information related to the project, including fact sheets, webinars, online courses and more. Individuals can register to receive a monthly e-newsletter to keep undated on new resources.