

A CMO's Guide to Digital Transformation



DIGITAL TRANSFORMATION is a hot phrase that has been hard to miss over the last few years. Companies that have leapfrogged the competition or emerged as category killers are usually traditional businesses that have completely reinvented themselves using digital as the core transformative strategy.

Because of heightened competition and increasing demands from consumers, digital transformation has become imperative for all businesses – from the largest enterprises to the smallest organization and from old established businesses to new start ups.

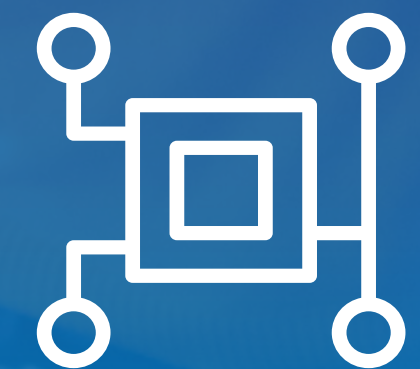
Digital Transformation: A corporate infusion of new approaches

Digital transformation means delivering a full infusion of digital technology into every facet of a business. It usually means a fundamental change of how value is delivered to customers and how operations work internally to create this value.

At its core, digital transformation is also a complete cultural change for the business, one that is constantly challenging the status quo, continuously evolving and experimenting. It might even mean walking away from foundational business practices and embracing radical new ways of delivering value to customers.



85%



85% of enterprise decision makers feel they have two years to make significant inroads on their digital transformation initiative - before falling behind competitors or experiencing financial difficulty

The Wake Up Call

But a recent report from Forrester Research interestingly titled “The Sorry State of Digital Transformation in 2018”¹ reminds us all that digital transformation has a long way to go to reach full maturity in most companies and it certainly is not something that can be put in the ‘too hard pile’. We must face the reality that now is the time that we must invest in developing a digital transformation strategy and taking massive action.

Perhaps for you, it’s one of those things you feel deep down in your corporate gut: your company needs to embark on a digital transformation initiative. Competitors may be passing you by, you may be feeling an overdose of ‘just average’, you’re seeing an amazing opportunity to get ahead everyone in your category or you realize that you aren’t doing the best job you can with your customers. As the leader of your organization, you need to be at the forefront of taking action and you must rally your team to take action with you.

Taking action can mean very different things to different companies. Depending on your company’s past appetite for risk and innovation, you might be well on the way to profound change or you might need to make a massive shift. What you need to do will differ widely.

Usually digital transformation requires that you design new capabilities and processes that are built with digital at the core to deliver significantly improved customer experiences. It might even mean opening new revenue sources or designing new products. So how do you start?

What defines digital transformation? According to Gartner, “In a nutshell, we reserve digital business transformation for companies pursuing net new revenue streams, products and services and business models,” says Gartner analyst Hung LeHong. There is a difference between “digital business transformation” or a “digital business optimization.

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The CMO as the Transformation Leader

If you're the CMO, you've got to be the chief fire-starter. You can't sit back and wait for other C-suite executives to lead the charge. If you have another executive that wants to collaborate with you, then of course you can team up to make things happen. But, yes, it comes down to you to own digital transformation for the company.

According to recent data 70% of digital transformation efforts fail. However. This means that 30% succeed and achieve the desired results. Be one of the 30%. If you need any other encouragement to lead this effort, remind yourself that you'd rather be doing the transforming than being transformed out of your role or your company. The rest of this paper is a guide to support you in your journey.

**30% succeed and achieve the desired results.
Be one of the 30%.**



Elements of Digital Transformation

There are four key pillars to making massive digital transformation progress:



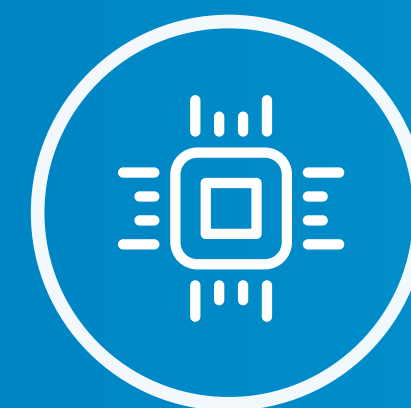
Vision



Resources



Data



Technology

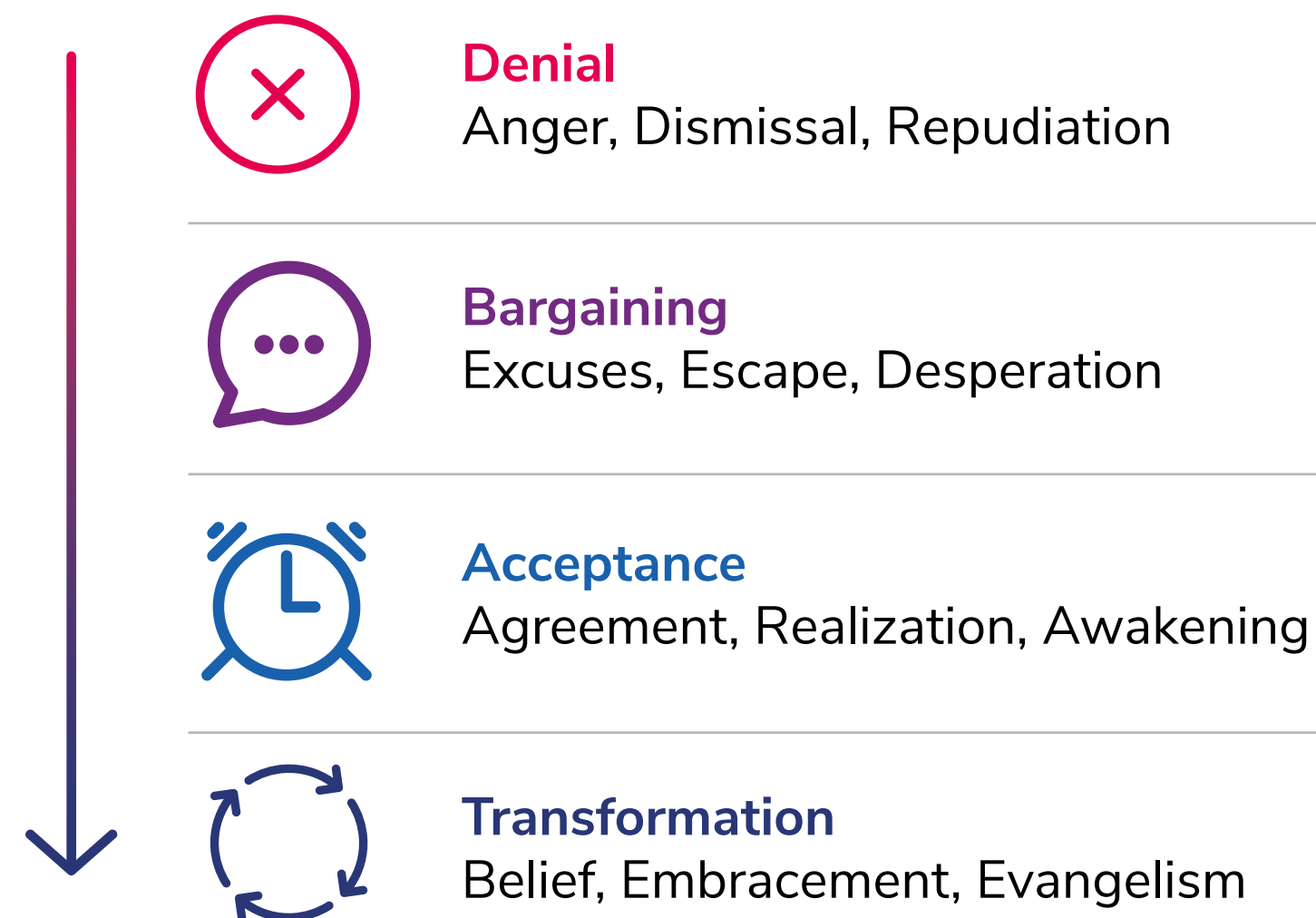


Vision: Establishing the Possibilities

Establishing a vision requires you to start by giving every stakeholder an understanding of what is possible. Now is the time to poke your head up from your role and get some broader perspectives. Establish a culture of change and as Peter Drucker said, "Culture eats strategy for breakfast." As a leader in the company, it is imperative that you personally get involved in this effort. You cannot delegate the vision of how you will undertake digital transformation.

Charlene Li's great book, the Engaged Leader describes the various emotional responses a leader can take (see chart on right). The sooner that you and your team can move to acceptance and transformation, the faster that you can set your company on the proper path.

Development stages of Engaged Leaders*



*Source: Altimeter

"Culture eats strategy for breakfast," famously said Peter Drucker

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85%



85% of consumers trust online reviews from strangers as much as personal recommendations from people they know.

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Listen to What your Customers are Saying About You

All digital transformation initiatives should begin with a broad and deep listening program. Understand what your customers and prospective customers are saying about your brand and solutions socially. Use sentiment analysis to aggregate all of the unstructured social data to allow you to listen on a broad scale where needed. However, while looking at a cross section of social data is insightful, you'll never want to abandon the deep dive into individual feedback.

If your customers use Yelp, Amazon, or other social posting forums, then go to these sites to see what you can learn. Review your latest satisfaction survey data including the comments to see where you stand. It is important to look at unsolicited feedback data as well and look at both the positive and the negative reviews. It all matters and will drive insights you won't get elsewhere.

You may already be doing all of these things, but undertaking a thorough review as a precursor to embarking on a company-wide digital transformation initiative will help keep the customer at the center of what you are designing.

If you are the leader, you need to personally do the listening; It's about tuning into the channels that are already turned on. Don't be insulated from this process and don't rely on staff underneath you to sanitize or aggregate the feedback in such a way that it obscures what is really going on. When you are directly listening, your staff will too.

Document your Current State: From the Customers' Perspective

This is a great time to document your current customer experience, highlighting where you are innovative and anticipate customer and prospect needs and where you have gaps, problems and have room for improvement.

Invest in a customer journey mapping solution, conducting a thorough exercise to document what customers are doing, where and when they are doing it and how they are moving through a buying cycle. This powerful visual depiction of your prospects' and customers' interactions with your company (and your competitors) can allow you to identify critical bottlenecks, pain points and even emotional states, giving you the insight you need to identify both short and long term digital transformation projects.

Next take a clean sheet view of what an optimal experience could be. How can it be streamlined? How can you minimize problems, support calls and errors? Where do you have organizational or cultural or integration silos? How can you add in something extra special that makes you really stand out? What would it take to make more raving fans? Can more elements of the experience be delivered in a self-service fashion? Interview a few dozen customers (including those that love you and those that don't), surveying them on what gaps they perceive and what help they need.





Skillful Resources: Mind the Gap

Without the right resources and skills to bring ideas of change to life, you will be stuck in your present state. Or you will continue to conform to a slow, methodical multi-year project approach as you do with other corporate initiatives. Resourcing is a vital must-master element along with vision and data. Resourcing is as vital element, just as important as vision and data. Begin with an assessment of existing staff, a gap analysis of what is missing or needs improvement and a list of possible ways to form a great team.

A few approaches to consider for resourcing your digital transformation programs:

1. Train your existing staff. Offer career incentives for people to step up to new roles and get involved in your transformation efforts. Set realistic expectations. Most digital transformations take years if done properly and thoroughly.

2. Hire new staff. Find the rock stars who know how to use new technology, leverage analytics, understand change management, and believe in the processes you want to put in place. You need the right team with the right skills and competencies.

3. Augment your staff with contractors or freelancers. Good freelancers can be valuable to your digital transformation efforts. They offer an outsider's perspective and their focus is not diluted.

4. Form a core small team of your best talent and fully empower them to act. Work with the best and brightest from across all departments and divisions to make things happen. Take away their other duties, even consider moving them off site to minimize their interruptions and give them an aggressive, phased schedule.

5. Hire boutique agencies. These specialist resources have the experience that can take on the things you need to be done. You might need an assortment of agencies depending on the skills required and the projects you undertake.

Marketing departments are missing essential skills and experience to utilize customer data according to Marketing Insider Group. 3 areas that need focus include:

- Effective integration of customer data
- Being able to quickly segment data
- Creating a system to record and unify data so it can be better utilized

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Time for a Technology Assessment

This is your chance to break down preconceived notions of what technology can do and focus on a thorough understanding of the use cases, features and benefits of your platform providers. Even if you are not involved in technology on a regular basis, take this opportunity to get a briefing from every one of your core platform providers.

Your personal involvement in these reviews will signal to everyone in the company that this is a priority, that change starts at the top and that you are fully engaged in leading your company into the digital age.

In addition to reviewing the basic features, ask vendors to demonstrate the capabilities that their most innovative clients are using. This process should allow you to put together a gap analysis to show where you fall short in your technology adoption curve with the technology you already own. Don't leave this to others in your company. Everyone from the top to the bottom needs to understand the capabilities inherent in your systems. If there are other technology solutions you have considered in the past, invite them in as well to give you an updated demonstration of their coolest use cases.

If you rely on outside advisors such as Forrester, Gartner or other consulting firms, ask them to brief you on the technologies that the more innovative companies are using. If you hear about the specific upstart technology being used in your industry, contact that vendor and ask for an informational briefing. You might learn about completely new paradigm- busting approaches that you had not even considered.





Technology – Enables the Transformation

As you're scheduling and conducting technology briefings, you need to take another step. You need to thoroughly understand every core application or solution that runs your business. Here are a few questions to ask your IT, marketing, finance and sale teams about the solutions that run your business today.

Be careful to not let the current state of your IT portfolio hamstring your thinking of what you might need to fulfill your new vision. It is important to develop a clean sheet technology game plan for your transformed enterprise. Hopefully your vendor briefings have given you some good ideas. Conferences, industry analysts and consultants can also help give you the input and inspiration you need. Once you have your plan developed, you need to develop the bridge from your current technology state to the latest solutions.

How old is the application?

It is an on-prem or SaaS solution? If on-prem, is the solution up to date, fully maintainable and highly integrated to your other digital solutions?

How accurate is it?

What integration points exist to other solutions? Who is creating data and where is it being stored?

Who within the company uses the solution?

Can the solution or parts of the solution be used on mobile devices?

Are people outside of your company using the solution?

If so, who? (think customers, partners, etc)

Can or could customers self-serve what they need from your application?

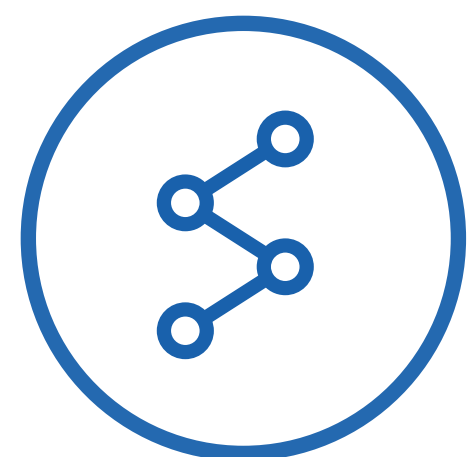
How secure is the solution?

Can the solution be used with little to no training? (You never got training in buying things on Amazon or using Uber, two standout digital disrupters)

What are people using spreadsheets for? How can these one-off manual band-aids be eliminated?

Are you using or do you have a roadmap to incorporate IOT, Virtual Reality, Artificial Intelligence or Machine Learning into your solution set? How can these new technologies deliver more value to your customers?

Is there anything in the near-term roadmap that you need to understand?



Viewing Data as a Digital Transformation Weapon

The heart of most digital transformation means that the entire company makes data a strategic weapon. Data is the fuel you put into your digital transformation tank.

This puts a priority on data transparency between departments and even with the customers. The vision of complete 360-degree visibility to everything you need to know about your customers is absolutely possible and should be prioritized.

It requires rapid, substantial investment in eliminating data silos and in collecting new data. It means using data to inform product design and even the creation of new business models. It means using new tools such as artificial intelligence to view your data in new ways. It means treating the data you do have with utmost care and security, ensuring privacy in the areas that count.



Survey Your Existing Data State

While you are surveying all your existing technology, it is a good time to do a data survey as well. First, come up with a list of questions for which you need to get answers. The list next is a great start.

From the answers to all of these data-centric questions, you should be able to document and communicate the key opportunities and threats to your digital transformation. Develop some visual depictions of the data stores and data flows in your company and show these to your colleagues. Data is one of the critical transformation elements that must be understood by all of the stakeholders from the C-Suite to the front lines.

What data do you have?

How complete is the data?

How accurate is it?

Where are the silos and what needs to be done to improve data integrations?

Who is creating data and where is it being stored?

Do you have multiple departments or people creating and maintaining the same types of data?

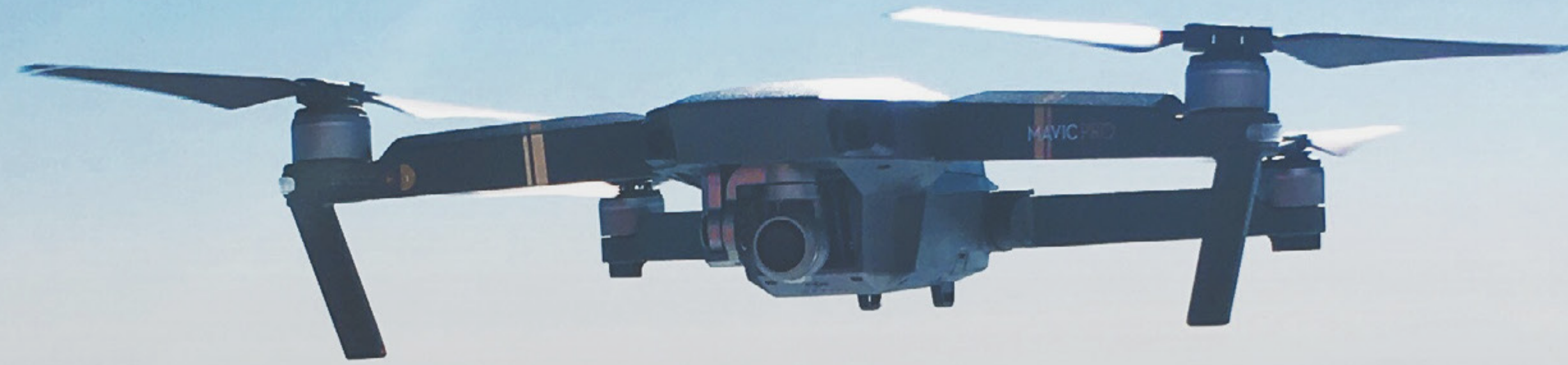
What additional data do you need from your customers and prospects and how will you get that data?

Could you benefit by creating partnerships with some strategic data providers to augment what you know about your prospects and customers?

Do you have a handle on your social data and the information about what others are saying about your company?

How about dark data – the large volumes of unstructured data found offline. Could this be digitized and put to use in the organization?

If a General Data Protection Regulation (GDPR) audit was already conducted, review it to ensure the processes are still in place. If one has not been conducted, schedule it now. Data privacy laws can impact company revenue and reputation. Do not let data privacy and security protocol lapse for any reason.



What about the next frontier?

Give yourself permission to think beyond software and mobile apps to newer innovations like drone technology, robotics, artificial intelligence, embedded technology (IOT) or virtual reality solutions. While some of the newer technologies might seem way out there, there may be some surprising use cases that could give you a leg up over everyone in your industry. If you have not fully embraced mobile technology as a way to work with your clients, come up with a list of all of the possibilities for using the platform that everyone has in their pockets 24x7.

Brainstorming Re-Imagined

Now that you've finished your assessments, walk into this phase of the process believing that group brainstorming does not work. The talkers dominate the conversation and the quiet ones are edged out.

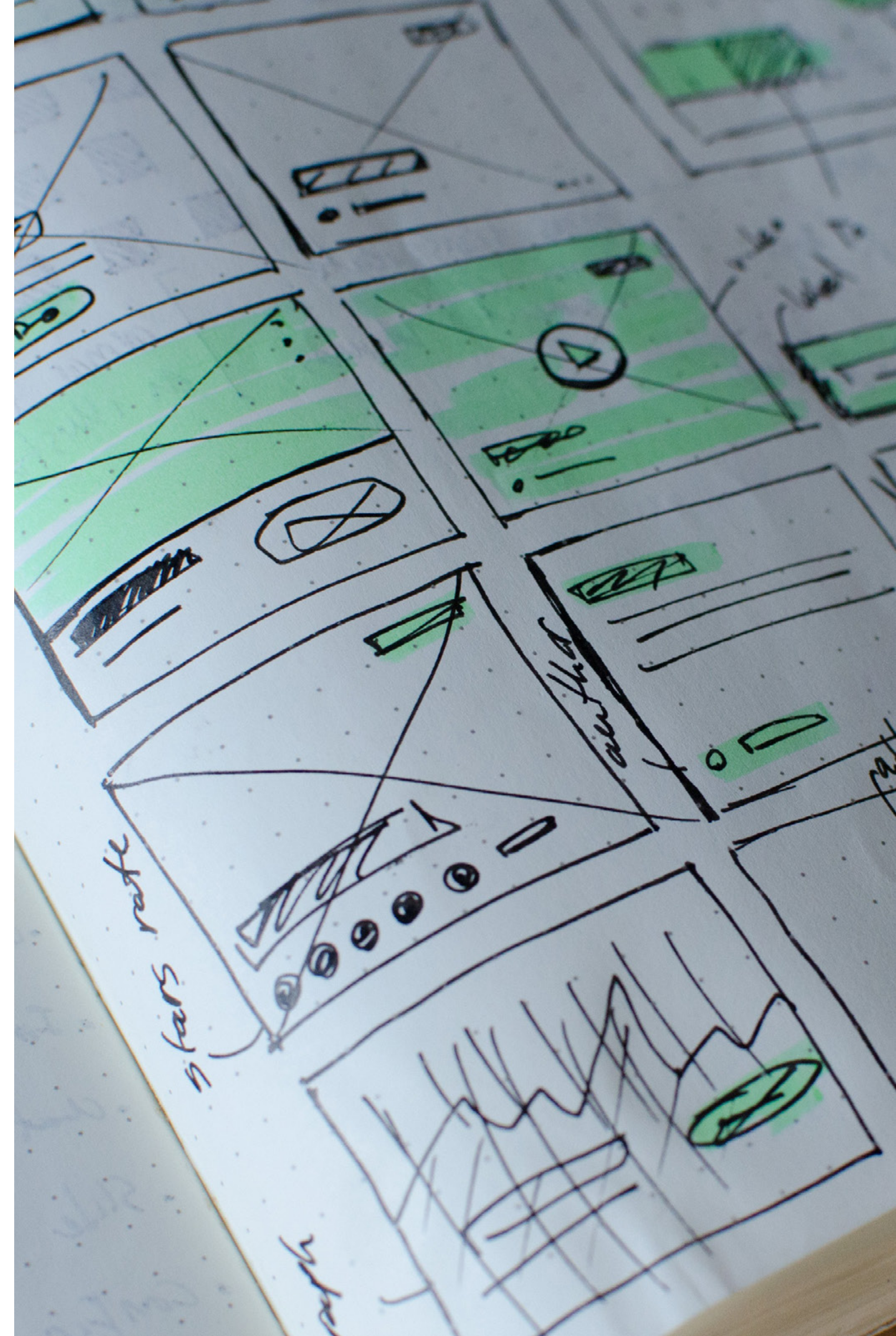
Of course, you can pull everyone together to review the capabilities of your platform providers, but allow everyone to go off on their own to document your current client experience processes, develop a digital transformation action list and come up with radical ideas for new go-to-market strategies. Give everyone clear time to do high quality thinking.

Encourage teams not to be afraid to list some outrageous (and of course some basic) ideas based on all that you have learned from the technology reviews and demonstrations, the customer interviews and your customer experience maps. Perhaps have a no call/no email/out-of-office day to allow everyone time to be through in their preparation.

Only after you've given everyone the solo quality time to document and prepare, bring everyone together to share their creative ideas.

Book time with the team to consolidate all of the ideas. Eliminate or combine the duplicate ideas. From all of these ideas, you should have the input you need to establish a digital transformation vision for your team.

Rank the ideas in terms of do-ability and impact (revenue, market share, income growth, etc). Determine the investments required and the priorities. A hallmark of digital transformation is that you rapidly innovate to deliver value. If you establish a multi-year project, chances are someone else will get it done faster and leap frog you.





Ban the Taskforce Approach

The best thing you can do it to simply start. Breaking into task forces to evaluate everything and build yet more business plans will allow radical change to drown in a quagmire. You are far better off starting, experimenting, and iterating your way to transformation.

Make sure the core team is focused on their transformation initiatives. These should not be sideline projects. They have the potential to re-invent your company! Don't let the action items be relegated to yet another taskforce project.

Of course it goes without saying that you have to deliver on your regular commitments. But don't let the daily patterns of corporate management drown out the urgent need to undertake digital transformation at your company.

Don't let the action items be relegated to yet another taskforce project.

Cultural Factors in Digital Transformation

So far, we've discussed the four pillars of digital transformation: **Vision, Data, Skills and Technology**. These pillars inform what you need to do, but not necessarily how you need to tackle digital transformation, so below are a few other elements you need to incorporate in order to ensure you make good progress and drive toward breakthrough results.

Agile for All

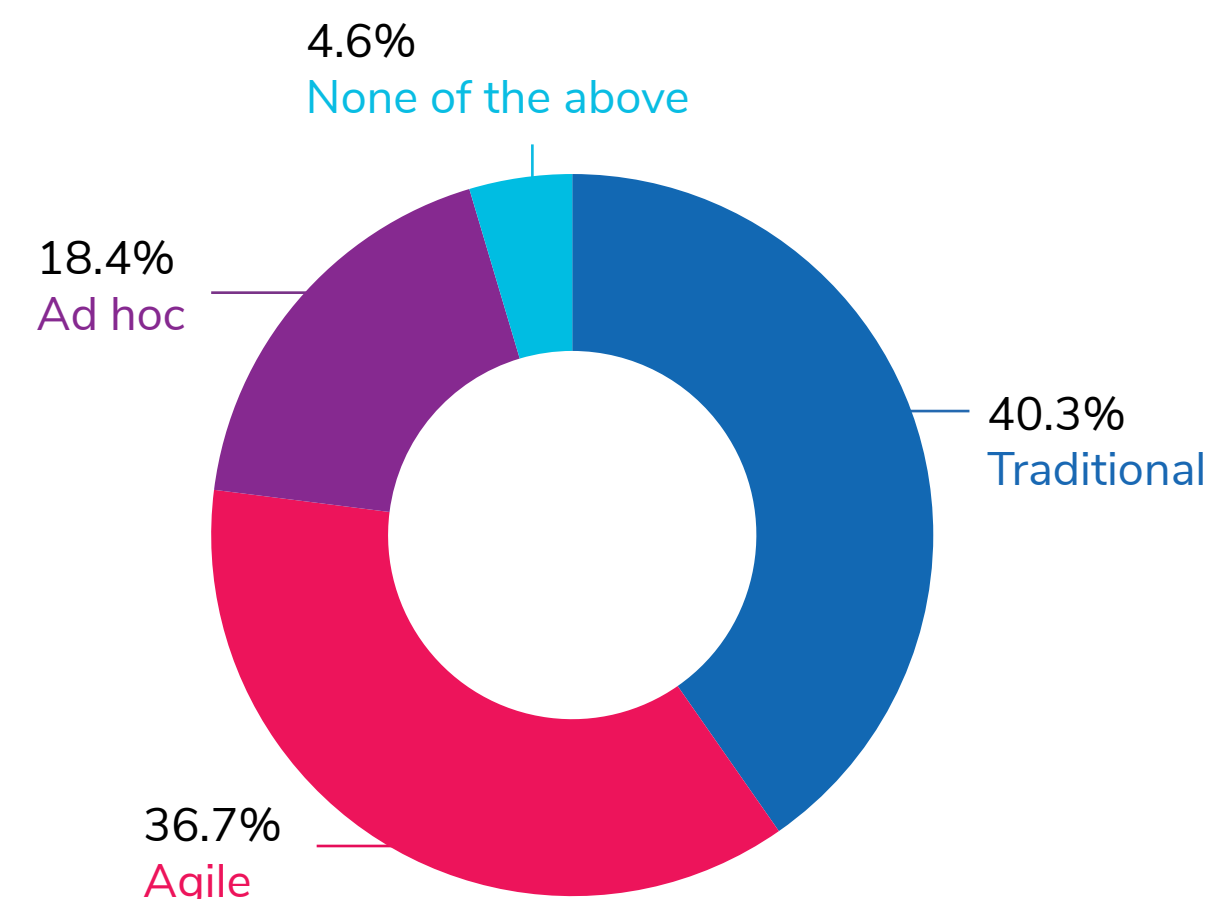
The Agile Manifesto was created in 2001 by a team of 17 software developers who came together to document new approaches to developing and managing software projects. Many would agree that agile techniques have revolutionized the way software is developed and improved. Some of the benefits of agile development include faster delivery of new solutions, higher satisfaction and easier accommodation of changes and user input. Now digital transformation presents an opportunity for companies to apply these methods to departments and organizations beyond IT.

Fully embraced, agile could be a whole new way of working for your company with an eye toward getting digital projects to launch quickly. The good news is that agile does not mean working longer hours. Rather it is a new way of working.

Outlined below are nine elements of agile. In order to really be effective, plan to adopt each item in the list. Cherry picking only a few techniques will not allow you to achieve full benefit.

1. Apply agile to a critical part of your transformation
2. Isolate the project
3. Define the outcome at the beginning
4. Formulate Small Teams
5. Conduct a Daily Stand up Meeting
6. Assign a Quarterback to avoid scope creep
7. Put testing at the core
8. Done is better than perfect
9. Remember speed often wins and being first counts for a lot

Which of the following most accurately describes your marketing team's process?



(State of Agile Marketing 2018, Agile Sherpas 2018)

Over a third (37%) of surveyed marketers report using some form of Agile to manage their work.

Agile popularity is growing too, with 61% of traditional marketing teams reporting plans to start building Agile into their workflow within next year.



Celebrate and Communicate Progress

With many small teams working closely together in an agile fashion, communication and teamwork is built in. As the leader, you need to make sure that you have great cross-team communication. Give these teams a platform to share what they are doing with other departments and organizations. The progress each team is making should be a catalyst to all employees.

Remove Roadblocks

Be a trusted resource to the teams to help remove roadblocks so that they can continue operating at high levels of production. Stay close to your leaders so that you can nip any toxic culture or harmful politics in the bud. Because you are moving quickly, your teams may make mistakes. Encourage your teams past these low points. They should be rewarded for testing and trying, not punished for failing.

Practice Essentialism

In Greg McKeown's landmark book *Essentialism*, he instills the importance of paring your work (and your life) down to what is really essential. He reminds us that everything is a choice. If you're doing one thing, that means that you are (consciously or unconsciously) not doing something else. As you embark on your digital transformation journey, make sure you are making specific decisions around what you (and your company) are going to do. And pursue them with all you've got, shedding those non-essential work habits.

Is Evil Lurking in the Wings?

With every transformation, there will be roadblocks. Your job is to squash and eliminate as many as you can for your organization and your company. Watch out for these five toxic roadblocks and move quickly to eradicate them:

- Virulent Politics
- Change Resistance
- Poor misconceptions
- Legacy Behavior
- Forgetting about the customer



The role of Product Information Management in Digital Transformation

As the sponsor of this paper, we would be derelict in our duties if we did not spend some time-sharing the power that a centralized Product Information Management solution can have in your digital transformation journey.

What is PIM?

Product Information Management (PIM) provides a centralized hub to consolidate, manage, and enhance all of the information about your products, providing a centralized, up to date, and accurate repository of everything that everyone needs to know about your products.

PIM provides for the automated collection and distribution of accurate product information throughout your organization - most importantly to the sales, marketing and digital channels that need it most.

PIM facilitates a great customer experience across all touchpoints.

From Legacy to Transformed

For many, product information is spread all over the company, including R&D, Manufacturing, Sales, Marketing and more. Everyone is working in silos, creating their own version of product information, which causes massive duplication of effort. And even worse, there is no single version of the correct information. This can even lead to inconsistent and error-prone customer experiences.

A centralized PIM can become a linchpin for a digital transformation initiative by providing very important contributions to each of the four elements of transformation: vision, data, skills and technology.

Below are 9 ways that PIM can be a core digital transformative technology for your company:

- **Eliminating duplicate work across the entire corporate ecosystem** – breaking down silos and fostering collaboration among departments.
- **Automating key tasks** – automation is at the heart of digital transformation and by automating product information updates and transfers, you are able to re-design work and reallocate resources to higher value tasks.
- **Providing transparency across the organization** – everyone will easily see any product gaps, reducing costly lag time for product announcements.

- **Enabling self-service processes** – providing more visibility to customers allows them to reduce their reliance on company resources for product information. This also means making as many things mobile friendly as possible since many of your customers think mobile-first when accessing product information.
- **Changing the role of sales and marketing** – when product information is automated and readily available to a wide internal and external audience, you can transform roles and duties in both sales and marketing.
- **Increasing agility** – As new technologies emerge, they can easily be incorporated into the PIM, positioning your company as an innovator.
- **Going global** – For many, accommodating global languages and currencies is a real headache. With a global-first PIM solution, you can easily accommodate new markets with your products.

“19.8% of business time – the equivalent of one day per working week – is wasted by employees searching for information to do their job effectively,” according to Interact.

Source: A Fifth of Business Time is Wasted Searching for Information, says Interact

As you evaluate your current technology stack, remember that a Product Information Management solution can be a vital hub in transforming your company and providing valuable services to your customers and employees. It's more than another technology solution, it ensure product data accuracy and ultimately, improves the customer experience.

To learn more about topics relevant to digital transformation, driving revenue, PIM or marketing best practices, please subscribe to the inRiver blog. We'll bring the information directly to your inbox so you don't skip a beat.

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