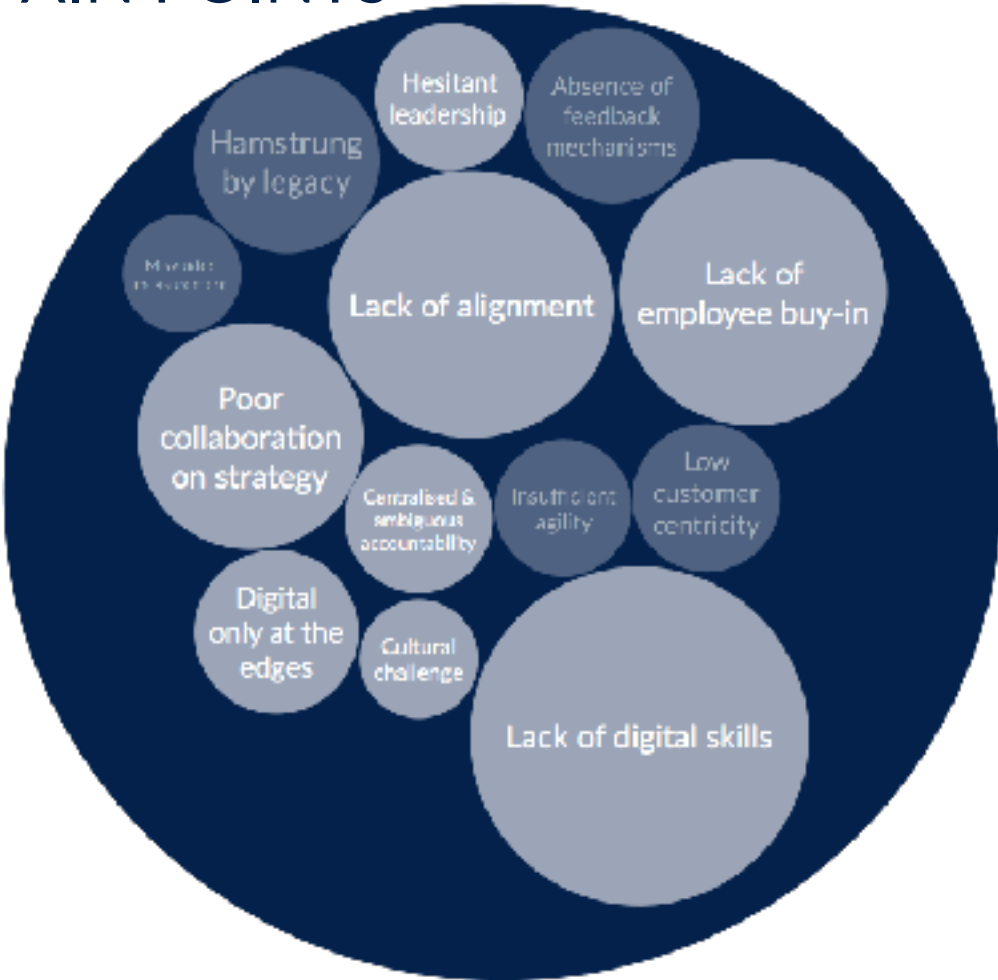


IDENTIFY DIGITAL CAPABILITIES ACROSS THE ENTIRE ORG

PAIN POINTS



“We sat with the editorial team and said these developers and analysts are yours, you can direct them any way you want. We can’t just do digital from the centre, we have to go to the business and do it with them.” (Media)



THE TRAP

Separating your digital strategy from the rest of the business

It is common for companies to separate their digital strategy and its execution from the rest of the business, often in a dedicated Digital team. This approach falls down when digital inevitably impacts the traditional core of the organisation, but the skills gap means the retained value of the traditional business is not unlocked.



CURRENT PRACTICE

Creating cross-functional co-ownership

To avoid a ‘digital ghetto’, some of our interviewees divide accountability for the digital strategy across two or more executive roles. The idea is that with more than one leader responsible, digital strategy will not be created in isolation.

Executive co-sponsorship helps, but the danger is that digital initiatives are still done to the organisation rather than with them.



NEXT PRACTICE

Create a menu of digital capabilities

We suggest a rethinking of digital not as initiatives or technology to be rolled out, but rather a set of capabilities that can be offered as a menu or digital service catalogue to the organisation. An example of digital capabilities could be data analysis or customer experience design. This allows teams to “plug in” to capabilities they need to create new ways of working, whilst remaining coordinated.

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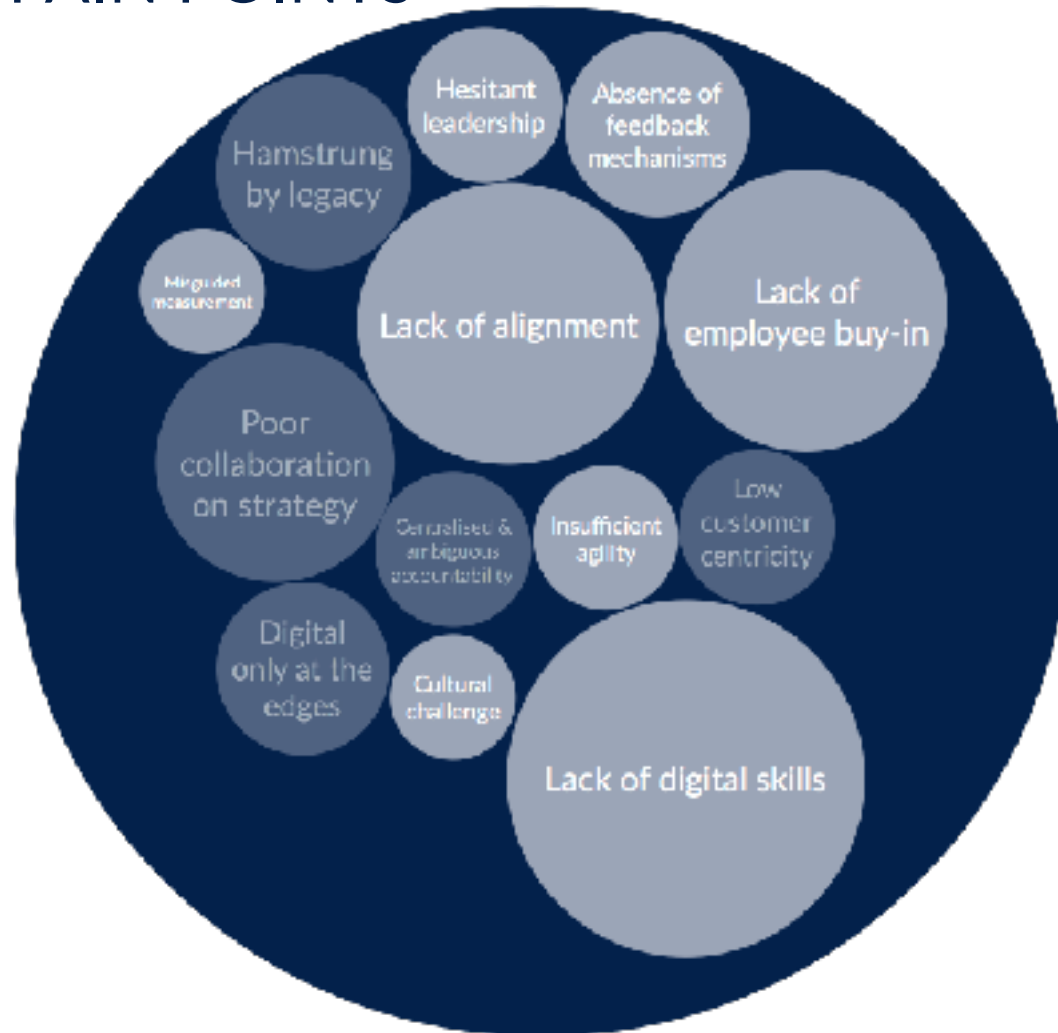
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CREATE AN ELASTIC STRATEGY THROUGH FORMATION LOOPS

PAIN POINTS



"We revisit the strategy every day as we collect and respond to feedback. So it's an ongoing, living, dynamic strategy but with clear goal posts." (Financial Services)



THE TRAP

Managing a digital strategy as part of the annual planning cycle

This mostly happens because of the tight link between strategy and the annual budgeting & reporting process, plus the pressure to demonstrate control to the market. But in the digital age, disruption is both fast and unpredictable, rendering such management practices unfit for purpose.



CURRENT PRACTICE

Increasing frequency of strategic reviews

Nearly all organisations we spoke to acknowledged the need to revisit the strategy more often than annually. However, we found that many are just creating more frequent progress checks as part of the same process. So while this practice is a potential transitional step, remember that it will limit your ability to react to fast-moving changes and the opportunities and threats that occur mid-cycle.



NEXT PRACTICE

Continuously develop an 'elastic' strategy

We suggest creating a rolling, elastic strategy - where strategy is continuously reviewed and progress measured to uncover new possibilities. You can use strategy formation loops – continuous cycles of development, implementation and revision of strategic hypotheses – to redirect and avoid the lock-in effect of traditional strategy

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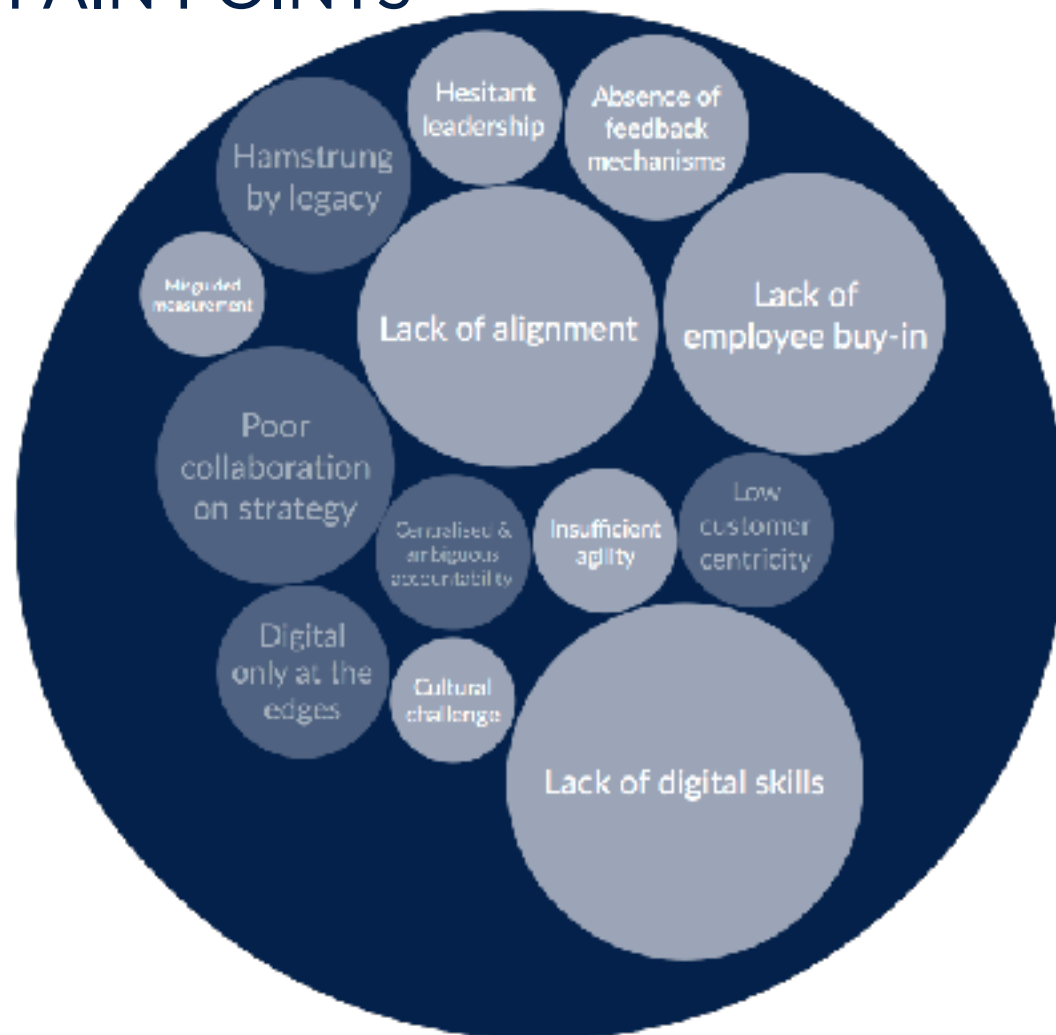
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EMPOWER TEAMS TO DESIGN THEIR OWN CHANGE

PAIN POINTS



"If I say to someone "I've got a solution here that can half the cost, double your speed" it doesn't mean people will go for it. But if you enable them to have it as their idea, they will." (Insurance)

RELATED READING

- AUTHORITY CLOSEST TO THE INFORMATION
- SELF-MANAGEMENT



THE TRAP

Believing those who lead the organisation know best how to execute the strategy

Too often, executive boards or senior leadership teams remain the only ones who make strategic decisions, that are then simply communicated to the rest of the organisation to execute.



CURRENT PRACTICE

Inviting employee input on key decisions

All organisations we spoke to acknowledged that the first step in engaging employees is being clear and transparent with your digital strategy, which is nothing new.

What companies are now starting to recognise is the importance of making this a two-way conversation rather than a broadcast message. However, whilst inviting input is preferable to just 'telling' employees what to do, it still assumes those at the top of the organisational hierarchy make the important decisions.



NEXT PRACTICE

Distributing authority for employees to design change

Digitally-mature organisations empower the employees closest to the information to take action in service of the strategic direction. The overall direction - the 'what' and 'why' - is set by the executive team. However, central groups do not prescribe the 'how' to achieve. Instead, teams are trusted to work out how this is achieved themselves and given the authority to redesign their processes and practices.

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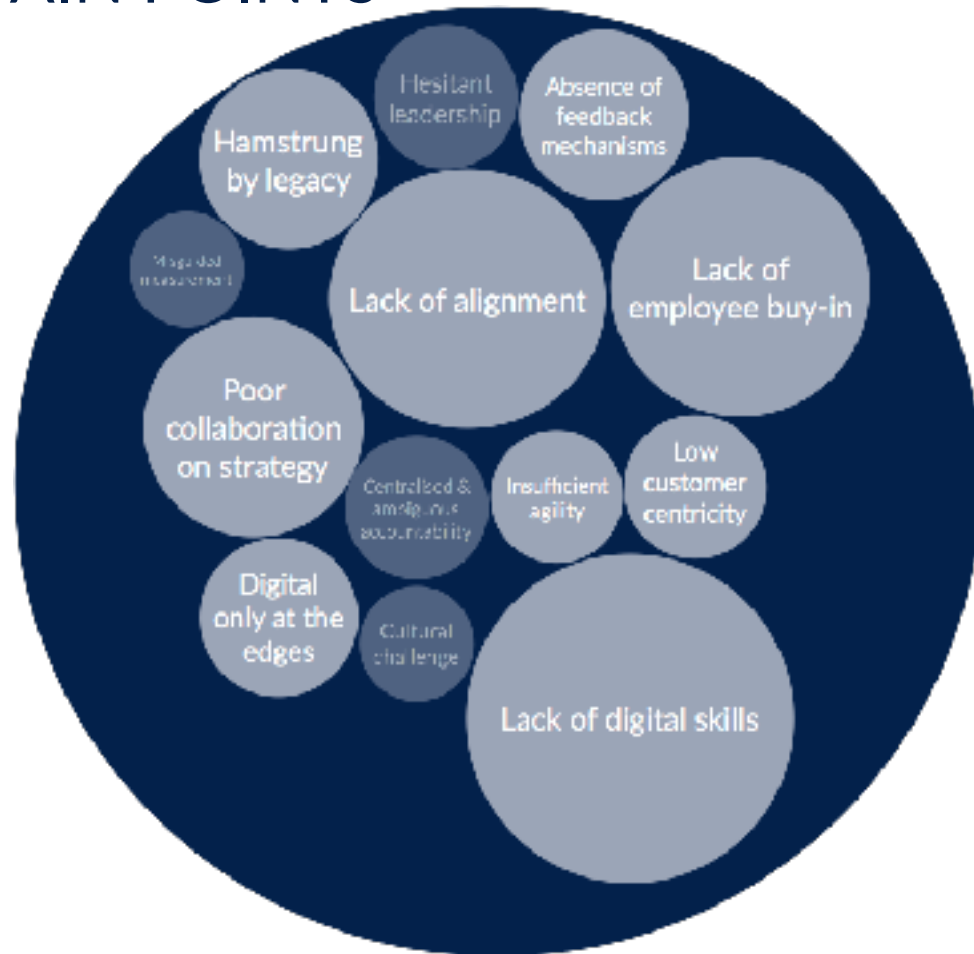
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LEVEL-UP YOUR 'HUMAN SENSOR NETWORK'

PAIN POINTS



"Next I'd like to look at revenue areas at the edges that we may not have thought about. If we wanted to be an e-commerce business we could do that - we have those capabilities - what's to stop us! Why not use those capabilities to create new areas of revenue?" (Media)



THE TRAP

Assuming successful digital strategy relies on predicting outcomes

In the predictable markets of the 20th century, market dynamics could be forecast years into the future without much change.

A more mature approach is needed to better navigate the uncertainty of the digital age, but many organisations still try to demonstrate meaningless 3- and 5-year outlooks.



BEST PRACTICE

Embed channels to gather intelligence

The first step to respond to shifting market dynamics is being able to sense the changes taking place. Many interviewees assign this responsibility to dedicated teams, however, those leveraging the most value were using digital collaboration tools - such as their ESN or team based apps - and inviting their all employees to take part.



NEXT PRACTICE

Spot future revenue plays through combining capabilities.

Once your 'human sensor network' is working effectively to cope with change, the next step is to spot new revenue areas to take advantage of change. This is best done by considering the menu of capabilities your organisation has or is building and which of these services can be combined to form new products or services for your customers. By leveraging the sensor network you've built from your employees, gathering intelligence from the edge, these you can see these opportunities start to emerge and test experimental ideas.

RELATED READING

- [DEFINING FUTURE ORG CAPABILITIES](#)
- [EMERGING BUSINESS OPPORTUNITIES PROCESS](#)

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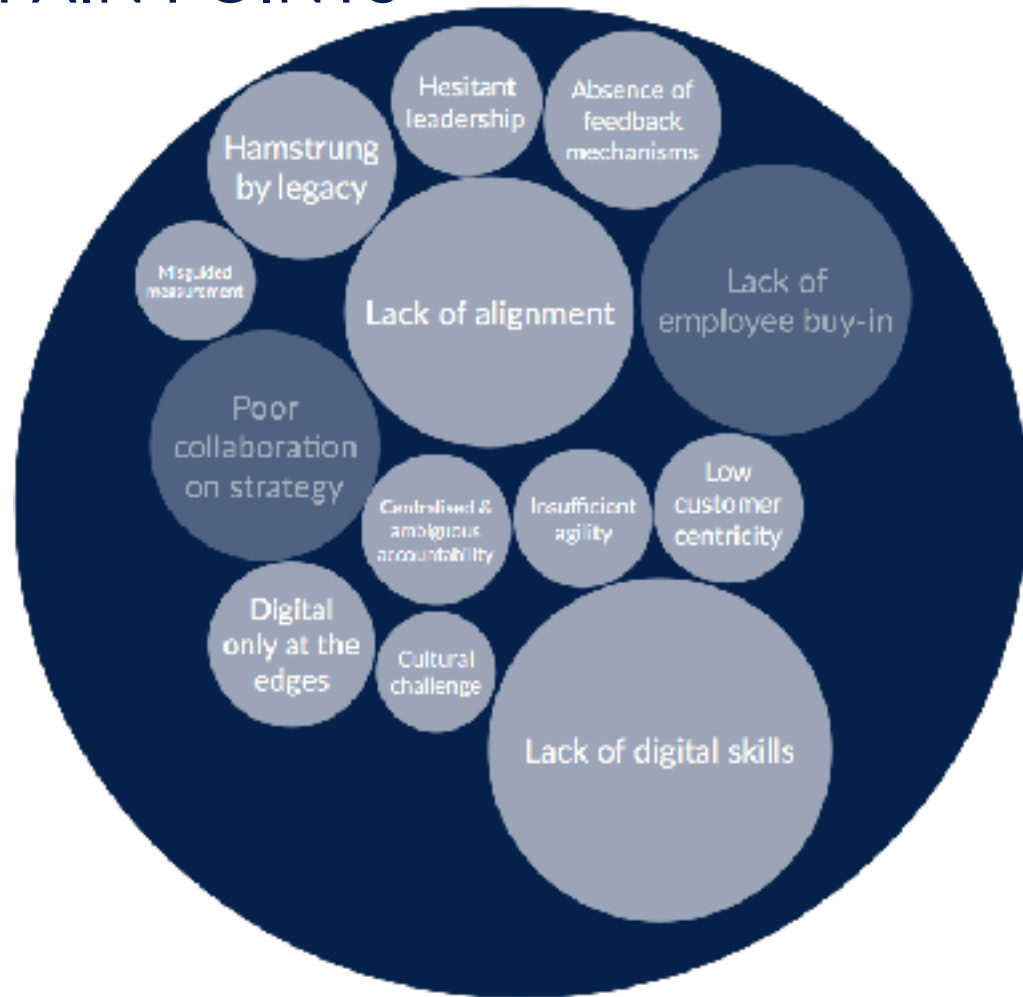
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APPLY KPIS AS PART OF SERVICE DESIGN

PAIN POINTS



"We realised that if we broke the organisation down into capabilities, we need KPIs that tell us if these capabilities are achieving customer needs. Then we can decide if what we do is still working or if we should pivot." (Media)



THE TRAP

Allowing lagging indicators to dominate your KPI dashboard

Reporting on company performance will always include financial metrics. The problems start to occur when this is your primary area of focus, as it is for so many traditional organisations. Financial performance only confirms a trend, it does not predict it.



CURRENT PRACTICE

Rounding out dashboards with leading indicators

Most of the organisations we spoke to had started to identify a more well-rounded set of KPIs to include in their dashboards, including leading indicators that illustrate the shift to new business and operating models – like customer satisfaction, organisational culture and new capabilities.



NEXT PRACTICE

Apply KPIs with a service design lens

Leading organisations take it a step further. Instead of just high-level metrics, they develop balanced KPIs to measure the critical capabilities - current and target - required to deliver a service that meets customer needs. For example, a car manufacturer would not just measure how well they make cars, but the activities and processes required to deliver the service of transport.

This requires breaking down customer needs into service blueprints that identify how capabilities feed in, and then identifying KPIs that measure progress against meeting the needs.

RELATED READING

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- [OBJECTIVES AND KEY RESULTS](#)
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