

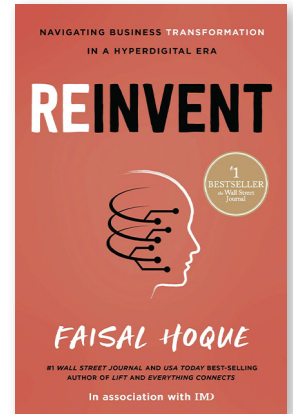


Executive Book Summaries®

Reinvent

Navigating Business Transformation in a Hyperdigital Era

by **Faisal Hoque**



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THE SUMMARY IN BRIEF

From top to bottom, organizations will be compelled to change entire mindsets, attitudes, and assumptions about how they operate, how they can grow, and even the very reason for their existence as they address the unprecedented journey of change and *Transformation* driven by technology.

This change is as much an adjustment of mindset as it is a new set of tools that everyone must learn how to use. In *Reinvent: Navigating Business Transformation in a Hyperdigital Era*, author Faisal Hoque introduces ideas, concepts, and practical step-by-step strategies with which you can better position yourself and your organization to reap the greatest number of benefits that digital transformation can afford.

It's a journey rich with promise that readers can embark on successfully with Hoque's guidance.

IN THIS SUMMARY, YOU WILL LEARN:

- The case for transformation in a hyperdigital era.
- The necessary steps to successful digital transformation.
- How to navigate transformation with LIFTS.
- How to evaluate your transformation as you take steps towards achieving it.

SECTION 1: THE CASE FOR BUSINESS TRANSFORMATION IN A HYPERDIGITAL ERA

Business transformation and digital transformation are essentially two separate ideas, but their close connection and synergy are undeniable. Further, any attempt at *Transformation* that lacks a significant digital presence might be compared with push-button phones that dial a split second faster - the best of intentions, but grossly outdated.

Your Customer Isn't What He or She Used to Be

It's no great epiphany to realize that the COVID-19 pandemic fueled consumers' interest in - and enthusiasm for - online shopping, nor is it shocking that any business whose *Transformation* doesn't incorporate a significant digital element likely risks alienating an enormous segment of the consumer population.

Furthermore, digitally enabled consumers are empowered like never before. The balance of power in any number of industries and markets has also been completely upended.

- Customers have changed drastically in recent years. They're more demanding and expect their feedback to be taken into consideration.
- The COVID-19 pandemic merely provided additional impetus to move to online shopping.
- Customer co-creation - where customers have a direct hand in developing new products - is increasing.
- The internet's ability to offer comprehensive comparison shopping is compromising consumer loyalty.

Your Workforce Is Calling for Transformation

Taking nothing away from the exploding influence exerted by consumers, they are anything but alone in advocating for *Transformation* with a digital component. Your employees, contractors, and anyone else with whom you work are likely every bit as vocal.

- Not only are remote working arrangements increasing, but employees are also taking them into consideration when choosing for whom they will work.
- Rather than distancing employees, research has found that remote work options have improved employee engagement.
- When considering remote work, it's essential to consider the issue of isolation and to develop strategies to counter it.

- Digitalization can promote efficiency, greater creativity, and innovation, not to mention increased organization productivity.

Security Is Also Changing - Transforming the Safety of Your Business

The more digitalization takes hold of nearly every aspect of life, so too does the issue of security become more central. Threats of all sorts are increasing and diversifying at the same time, which mandates digital transformation be characterized by proactive measures and the highest possible security awareness.

- While many are concerned that a digital workplace is more vulnerable, research has established that digitalization can bolster security.
- Tasks as simple as sending material to a remote printer are now vulnerable to security breaches - digital's capacity for encryption can offset this.
- As more companies incorporate remote work into their organization, it's imperative that security measures are strengthened.
- Digitalization isn't limited to security issues. It can also be used to combat misinformation.
- Countries can no longer ignore or dismiss digital security. National security demands a comprehensive and cohesive digital policy.

Transformation: The Added Punch of Artificial Intelligence and Machine Learning

To those shrinking few who have yet to get a handle on what all the excitement is about, it can prove exceedingly helpful to see how AI and machine learning working in conjunction with digitalization can drive meaningful evolution and reinvention in most every business and organization. Going digital is certainly never an unwise option. Couple that with AI and machine learning, and any form of change becomes that much more transformative - and the resulting advantages and benefits warrant serious attention.

- Artificial intelligence (AI) and machine learning can broaden digital's capacity for transformation.
- AI can greatly boost a company's revenue streams through greater productivity and efficiency.
- AI and machine learning can perform comprehensive analytics far faster and more accurately than human beings.

Transforming your business involves a great deal more than unplugging this and plugging in that.

- Automation through AI reduces boring repetitive work, freeing human employees for more challenging and rewarding tasks.
- AI and machine learning can also strengthen security while offering greater customer engagement and insight.

SECTION 2: TRANSFORMATION VIA DIGITALIZATION – NECESSARY STEPS

Transforming your business involves a great deal more than unplugging this and plugging in that. It takes careful thought and a good deal of introspection. That's because *Transformation*, however focused on technical aspects, also involves a sweeping reinvention of a great deal - if not most - of your organization, including aspects that you may not expect.

Recognize the Challenges

According to Forbes, around 84 percent of digital transformations outright flop. If you think that number is a gross outlier, other research also cites a frustratingly high level of struggles and missteps. That's in no way meant to be discouraging. The benefits of digital transformation, however challenging the journey, are decidedly worth it.

- It's essential to gain commitment and buy-in throughout an organization - from management to everyone impacted by *Transformation*.
- Make certain your goals for *Transformation* are clear, specific, and highlight how all members of the company may benefit.
- Expect some within your organization to be uncomfortable with disruptive change. Continue to emphasize the positive outcomes that a successful *Transformation* will foster.
- Don't get caught up in the technology. The impacts of Transformation on your people and culture are just as important.

Leadership Is Everything

Being an effective leader during and after digital transformation mandates more than a few tweaks and updates. Rather, it calls for a completely new way of thinking and acting derived from an appreciation of the magnitude of change taking place, as well as a new way of communicating with others involved in that effort.

- To become an engaged leader amid your business's digital transformation, know the distinctions between digitization, digitalization, and digital transformation. They're significant.
- A pervasive digital mindset is critical to transform any organization digitally, taking in everyone from leadership all the way through the entire group. Such a mindset is comfortable with change and urges experimentation and occasional failure - which are necessary steps to success.
- Collaboration is essential, even connecting groups and people who may not have worked together before. But such synergy is essential, not merely to encourage a diversity of opinion and feedback but also to move away from autonomous silos that can inhibit transformational growth.
- Take steps to ensure that your culture not only has changed but is also built to last over time. Encourage a prevailing mindset of attention to the issue of sustainability: What policies and procedures are sustainable, as opposed to others that may be less resilient to change?
- Ethics are paramount. The public has seen more than enough security lapses, ethical misbehavior, and other instances to make them jumpy about technology in general. An emphasis on ethics makes regulatory sense - taking it further than you're required builds an appealing organizational persona, one that genuinely means what it says, rather than merely looking good.

The Future of Your Organization

Examination of the scope and implications of change with a somewhat longer timeframe not only gives you a heads-up

on what to anticipate but also allows you to make decisions today that will nurture the environment you hope to create for tomorrow - for all the tomorrows that follow.

SECTION 3: WHAT TO DO: NAVIGATING WITH LIFTS

What undermines many attempts at Transformation is insufficient attention to everything else that has to change as well.

That's where the acronym LIFTS comes in. LIFTS stands for the following five steps:

1. L - Learn
2. I - Investigate
3. F - Formulate
4. T - Take off
5. S - Study

Learn

The first step in embarking on a successful *Transformation* is to educate everyone impacted as much as possible about the ramifications, benefits, and other aspects.

- Reemphasize that *Transformation* means more than technology. Talk about reasons for the initiative, any form of necessary culture change, and other outcomes.
- Stress the benefits of *Transformation* regarding individuals as well as the entire organization. Look for collaborative forms of benefit that take in more than just one group or individual.
- Take the time to understand why some teammates may be nervous about such significant change - or, for that matter, why they oppose it.
- Empathize with those holding out as much as you can, and work to help them better understand your support for *Transformation*. But make it clear that a "sorta support" attitude may not be sufficient and, as a result, might warrant an individual's consideration of moving on in a way that won't run counter to your transformative efforts.

Investigate

Before moving forward in any meaningful way, it's essential to gain a sense of where you are, what you and your company can bring to the situation, and any risks and

potential pitfalls. This is a time characterized largely by potential and opportunity.

- Develop strong partnerships between technology and users. Increase levels of trust and understanding by providing forums for frequent interactions. Strong partnerships promote user involvement, permit requirements to be defined in a more cooperative climate, ensure that technology investments are aligned with business priorities, and boost overall sense of ownership.
- Educate executives and knowledge workers about the unique challenges of technology. In many firms, users have a limited understanding of the complex technologies and the effort required to implement complex systems. As a result, their expectations are not realistic.
- Craft a comprehensive sourcing strategy that articulates the desired mix of insourcing, domestic outsourcing, and offshoring - and further recognizes the long-term capability necessary to meet strategic objectives. A technology organization that's too lean and is also highly outsourced may inhibit the development of strategic applications, while too large an organization may not deliver desired business value in a cost-effective manner.
- Develop vendor management expertise that includes knowledge about location constraints, vendor performance, and vendor abilities. Such capabilities will facilitate careful vendor selection and help mitigate the multiple risks associated with outsourcing. Using pilot projects related to non-mission-critical applications is a low-risk tactic for learning the strengths and weaknesses of offshore locations.
- Instill a project management culture and imbue the technology organization with project management expertise. Project management is both a science and an art and needs to be formally learned and practiced on the job. Poor project management is one of the most significant risks that technology organizations face and can frequently spell the difference between firms that are able to exploit technology for business value and those that are not.
- Organize and manage based on value-creating processes. Do not set up committees for their own sake. Take stock of value-creating processes that these organizational structures will support. Remember that the level of complexity associated with an organizational unit will vary based on the sophistication of the governance network it supports. Apply a modular-organizing logic

Develop bottom-up change agents - rarely does change result solely from a top-down edict.

in designing critical technology organization structures. Consider explicitly assigning individual executives to each one of these modular organizational units.

- Recognize that organization design and change management are critical organizational capabilities. Organization design changes must be managed with care. Strong relationships need to be built with stakeholders. How can you promote “straight talk” in an environment that values commitment and relationships? How can you lead your team to accept that difficulties along the way are not failures, but rather a normal part of the change process? How will you resolve these rough spots and build on them to fuel the organizational change effort? Develop bottom-up change agents - rarely does change result solely from a top-down edict. Lower-level employees must buy in. Cultivating change agents can guarantee their support in selling their peers.
- Develop your communication strategy and management capability, which has significant implications for evolving organization structures. Therefore, communications strategy and management is the responsibility of the entire senior management team. They should be supported by expert communications professionals to ensure that the strategy is based on user feedback and goals; to define a path to move target audiences from mere awareness to understanding, commitment, and action; and to ensure that suitable research, timelines, and measurements of success are included.
- Educate senior executives and start small. Begin to educate senior business and technology executives about the benefits of a portfolio approach. Consider developing a project portfolio management (PPM) capability for a small slice of the business to demonstrate the benefits and build consensus for embarking on an enterprise-wide effort.
- Establish management commitment and vision. Most of PPM implementation is not technical but managerial, and the commitment and strategic vision of top executives should be established and sustained. PPM involves many different people needing to do things differently within the organization and must be supported by senior management to achieve success.
- Address new organizational structures early on. Plan the creation of an Enterprise Program Management Office (EPMO), which in most cases owns PPM. The EPMO’s responsibilities need to include educating the company on PPM processes and collaborating with key constituents to establish portfolio management approaches. This group will also provide the tools to analyze portfolios and gain access to the inventory of programs, initiatives, and assets. Additionally, create a Business Technology Council, the upper-level strategic decision-making body.
- Design information management processes explicitly. PPM will be an outright failure if the information gathering is not performed adequately from the outset and not kept up to date. Specific processes and responsibilities related to the creation, approval, and updating of information are critical.

Formulate

It’s time to formulate, the step in which, having performed extensive assessment, you can begin selecting those objectives that you’ve determined to mean the most to your organization - those that are aligned with what you are and what you aspire to be and are adequately supported by technology, governance, and processes.

- Consider using a portfolio approach to make certain that all technology receives adequate financial support to remain aligned with core business objectives.

Take Off

After what likely amounts to extensive planning, legwork, research, evaluation, and countless other tasks, you’re ready to begin the actual implementation of your organization’s *Transformation*.

- Understand the appropriate level of business agility for your organization. Refine and exploit competencies required to operate competitively in strategic

positions and strategically reposition your business into new product-market spaces through exploration. Understanding the appropriate level of agility has vast implications for how processes are modeled, configured across business networks, and then enabled by service-oriented architecture (SOA).

- Select modeling approaches for your business processes. New information technologies and architectures (for example, SOA), coupled with strategic enterprise architecture (SEA) and a mandate for agile design, require senior management to reconsider the firm's core processes.
- Create the appropriate level of agility for a business network.
- Processes must first be established to sense and capture customer requirements and translate them into specifications of outcomes.
- Second, processes are required to integrate information from the business network and add to the base of public and market information.
- Third, processes must enable tailoring of interactions, information sharing, and intellectual property protection.
- Fourth, processes are required for the management of activities associated with production and distribution of products and services, as they must be reallocated and coordinated based on changing conditions.
- Fifth, governance of relationships must be implemented to enable negotiation and monitoring across activities in business processes and networks. Given the process enablers that are required for the real-time enterprise, it is critical to establish the information services platform required by these processes.
- Develop your SEA functional area. This is absolutely necessary for an agile organization. Technology capabilities must be synchronized with the process requirements of real-time business networks. This synchronization requires senior executives to think primarily in terms of the services they provide and the key business processes and networks that enable, and are enabled by, these services. Senior executives must define the necessary leadership roles, structures, and processes.

Study: Evaluate Your Transformation

It's now time to evaluate your own *Transformation*, and build confidence that it was, in fact, all worth it and then some, and, just as valuable, sift through your experience to im-

prove the journey forward.

- Establish the business purpose of each investment in technology: Is it to enable growth, maintain the infrastructure, or manage risk?
- Determine whether the metrics you use have changed along with changes in business processes and technology.
- Agree on new metrics that show how your organization creates agility, sense-and-respond capabilities, and digital options. This agreement will ultimately lead to metrics that accurately measure business value.
- Understand the business environment and how the firm adjusts its strategy to changes in the environment. This often requires continued real-time adjustments in operations, placing greater onus on technology executives to have an efficient system to gather information and present business alternatives.
- Leverage approval, prioritization, consolidation, and standardization to manage and define the information requirements to support a highly information-oriented culture.
- Translate business strategy into tactical plans for which information and communication technologies can be deployed. It is increasingly the role of technology executives to make this connection. Executives must take the lead in communicating areas where technology can add value. Employees must be made aware of how these opportunities relate to their jobs.
- Identify complementary investments necessary to get full value out of technology investments. Instill in employees the behavior and values that will lead to information for customers, suppliers, and partner relationships.

SECTION 4: FINAL THOUGHTS

Organizational Transformation is a journey that never stops. It's up to you to keep steering in the correct direction. Accordingly, staying on the right course with your organizational *Transformation* mandates your continued evolution as a leader as well.

Leaders of the future must embrace the following:

- *Follow the money.* They must focus on the business and understand how it creates value.
- *Know that managing technology is as important as the technology itself.* The next generation of leaders will understand

that they must invest in managing technology and the technology itself.

- *Understand what technology does.* Unless they appreciate that technology often plays a critical role in establishing or maintaining a strategic position, leaders may well spend inappropriately.
- *See through walls.* Tomorrow's leaders will be far more comfortable with deriving value through partnerships and other types of engagements.
- *Manage business and technology as one.* Executives will come to see that technology failure is often due to weak or non-existent business strategy or failure to create a business-driven technology strategy.
- *Scrap the org chart.* We are already seeing the blending of corporate roles.
- *Get underneath the hood.* Leaders must be able to discern business processes below the overarching posture of an organization that advances strategy.

As you and your organization move forward, so too must you continue to hone, sharpen, and, if need be, change elements of your leadership.



Faisal Hoque is the multi-award winning author of the #1 Wall Street Journal and USA Today bestsellers LIFT and Everything Connects, and other books. He is the founder of SHADOKA, NextChapter, and other companies. Throughout his career, he has developed over 20 commercial business and technology platforms and worked with public and private sector giants such as the US Department of Defense, GE, MasterCard, and American Express.

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