



The Digital Transformation Starter Kit:

A Leader's Guide to
Preparing the Organization

Prepared For

The leader seeking to drive better customer and business outcomes through digital transformation efforts, both small and large.

How To Use

Start by reading our perspective on successfully preparing your organization and then leverage our Digital Transformation Readiness Toolkit to assess where your team is at today.

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A Digital Transformation Readiness Overview

The Digital Transformation Imperative: Leadership In A Digital World

WHAT IS DIGITAL TRANSFORMATION: A LOOK BACK

History reveals a clear pattern around technological innovation. The pace is constantly increasing. According to a 2022 academic study by Dialogues in Clinical Neuroscience, “Less than 1% of the world’s technologically stored information was in digital format in the late 1980s, surpassing more than 99% by 2012.” The study estimates that “every 2.5 to 3 years, humanity is able to store more information than since the beginning of civilization.” The relentless advancement of technology, coupled with changing customer expectations, has created a pressing need for leaders to navigate the digital realm effectively. However, despite its significance, digital transformation remains a topic shrouded in confusion and varied understanding among leaders.

THE DEFINITION

Digital transformation is a ubiquitous concept. Let's first understand what it entails.

A 2020 Technology Magazine¹ article defines digital transformation as “a cross-departmental effort to reimagine the way a company uses its people, processes, and digital programs to drive new business and revenue in light of changing customer expectations.”

OUR DEFINITION

At TGG we define digital transformation as –

“An intentional, coordinated, and consistent effort to move an organization from its current state to an aspirational future state by digitally innovating their customer experience and business model to achieve strategic outcomes.”



Jeff Bezos • Founder • Amazon

In today's era of volatility, there is no other way but to re-invent. The only sustainable advantage you can have over others is agility, that's it. Because nothing else is sustainable, everything else you create, somebody else will replicate.

Jim Carroll • Futurist

With fast ideas comes faster innovation: 60% of Apple's revenue comes from products that didn't exist 4 years ago. That's a blistering pace of innovation. Expect that to become the norm in most industries as the future accelerates, product lifecycles collapse, and disruption disrupts.

The truth is, customer expectations for a seamless digital experience have been set by companies across various industries. It's now essential for every organization, regardless of industry, to actively participate in e-commerce and establish a strong digital presence. These expectations extend beyond digitally-focused industries, encompassing product and service organizations, as well as individual business functions. Meeting these digital expectations requires leaders and organizations to adopt a new cultural mindset, which can be challenging. However, those who embrace these evolving customer expectations will outperform and out innovate those who don't. Don't just take our word for it; let's examine the data.

FOLLOW THE MONEY²

- The global digital transformation market is projected to grow from **\$469.8 billion in 2020 to \$1,009.8 billion by 2025**, at a compound annual growth rate (CAGR) of 16.5% during this period.
- Digitally transformed organizations are projected to contribute to more than half of the global gross domestic product (GDP) by 2023, accounting for **\$53.3 trillion**.
- **65% of the world's GDP** is predicted to be digitized by 2022.



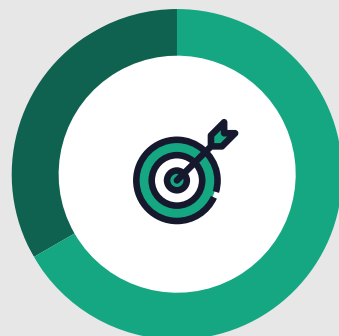
FOLLOW THE LEADER²

- **70% of organizations** have a digital transformation strategy or are working on one.
- Gartner says **89% of Board Directors** say digital is embedded in all business growth strategies.



FOLLOW THE CUSTOMER

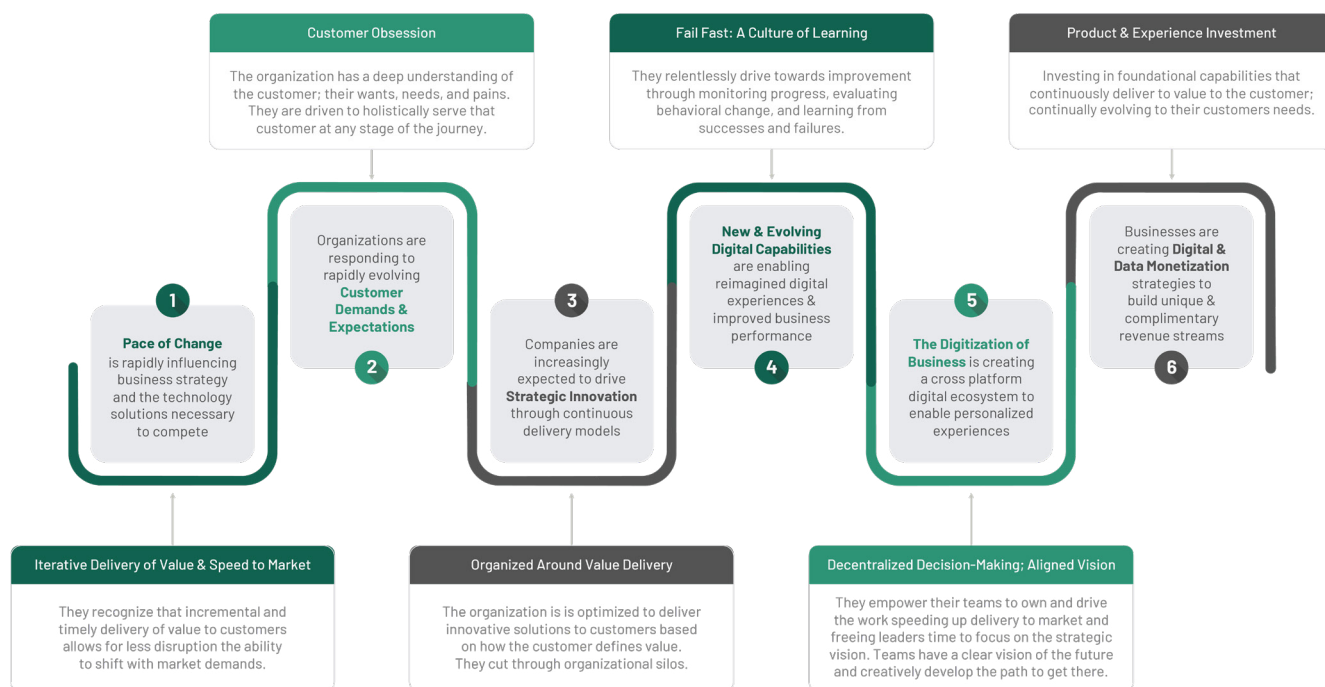
- Almost 60% of those polled by Salesforce said the pandemic had raised their standards for customer service, and **80% believe the experience** a company provides is every bit as important as the quality of its goods and services.³
- Customer-centric brands report profits that are **60 percent higher** than those that fail to focus on CX.⁴
- **73% percent of customers** now say CX is the number one thing they consider when deciding whether to purchase from a company.⁵
- Customer-obsessed businesses expect to be **7x more relevant to customers**, 5x more likely a top provider of products, and 4x more profitable.⁶



What does all this mean to you? Regardless of your span of responsibility, you need to be focused on digitally transforming your organization as a primary driver of the strategy. You must understand how the world is changing, how that impacts your organization, and how you can make sense of it to mobilize the teams around you to achieve great things for your organization and your customers.

THE DIGITAL TRANSFORMATION IMPERATIVE

Below you will see six different themes impacting today's business leader and the corresponding actions effective digital leaders are employing to move their organizations forward.



WHY ARE SO FEW MAKING PROGRESS?

“Various studies from academics, consultants, and analysts indicate that the rate of digital transformations failing to meet their original objectives ranges from 70% to 95%, with an average at 87.5%. Yet, digital transformation has been at the top of corporate agendas for at least a decade and shows no sign of slowing down. On the contrary, many commentators have highlighted the accelerating impact of the Covid-19 period on digital transformation.”⁷



“To keep up with competition, drive performance and meet customer expectations, organizations need to effectively execute digital transformations. Unfortunately, a huge proportion of technology projects fail to meet their desired outcome – in quality, time and / or costs, with only about 30% of all digital transformations achieving success on all three dimensions.”⁸



“Only 35% of Board Directors have achieved or are on track to achieving digital transformation goals.”⁹

These findings may not come as a surprise to some, given the abundance of similar statistics on the progress of strategic initiatives, programs, projects, and other enterprise endeavors. However, what truly astonishes is the widespread attention, investment, and expertise devoted to digital transformation across industries. Despite this collective effort, the stark reality remains: the majority of companies will fall short of their digital transformation goals. So, the crucial question arises: **Why are so many organizations failing despite their determination, investment, and understanding in this area?**

INTRODUCING DIGITAL READINESS

When analyzing the reasons behind the failure of most organizations in their digital transformation endeavors, it's easy to cloud the issue with complex explanations. Moreover, within any prevailing business trend, there often exist stakeholders who prioritize their own financial interests or status over genuinely assisting leaders in cutting through the noise and addressing the actual obstacles hindering the achievement of their digital goals. Whether it is the individual digital guru (sells you their digital expertise), the slick digital marketing agency (sells you digital tools and websites), the front-runner professional development organization training and retraining your teams (sells you a framework and recognized knowledge), or the Gartner's of the world (sells you "the answers") there is a whole ecosystem of players who, while bringing real value, can make it difficult for the modern day digital leader to see the forest through the trees.

At The Gunter Group, we have a straightforward explanation for the high failure rate of organizations in their digital transformation efforts:

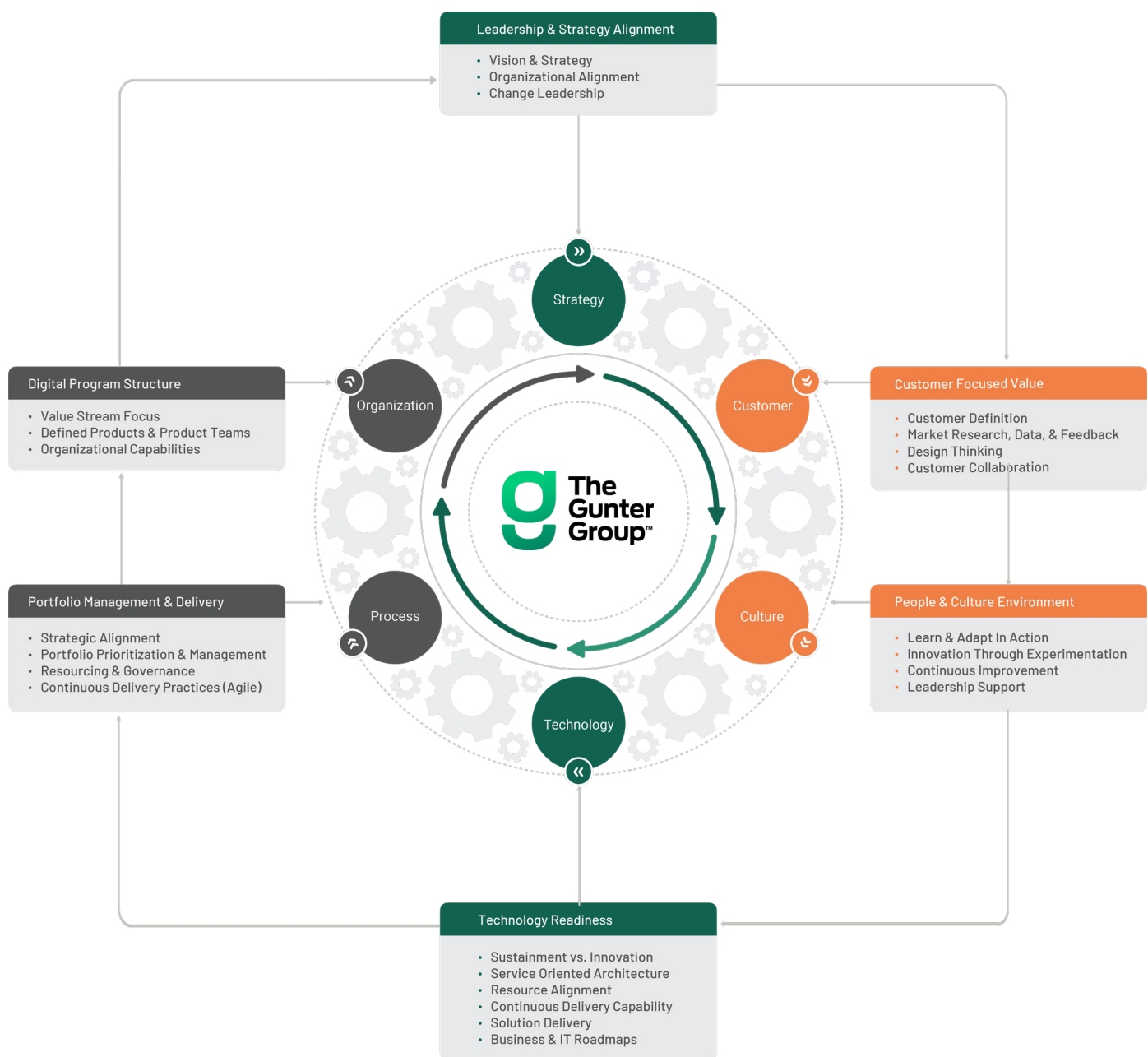
Enterprise change is hard!

Digital transformation initiatives are essentially enterprise change initiatives, and unfortunately, most organizations neglect the necessary groundwork to ensure organizational readiness for such transformations. At TGG, we have over a decade of experience assisting organizations through hundreds of complex and vital enterprise change initiatives, with a significant focus on digital transformation for our clients.



THE SIX DOMAINS OF DIGITAL CAPABILITIES

Below you will see the six different domains of digital capabilities that are embodied in high performing digital organizations. Leaders should be striving to develop, improve, and evolve these capabilities over time to meet their organization's customer and business needs.



COMMON **DIGITAL** PITFALLS

Throughout the past decade plus, we have seen several recurring themes that work against organizations achieving their digital goals. You can see how these themes actively work against each of the six domains of digital capabilities.



Lack of Shared Vision / Strategy

Organizations fail when they lack a shared vision and strategy for their digital initiative, neglecting to align it with overall organizational strategy and business performance goals.



Treating Digital As A Project

Organizations view digital transformation as a mere project with an idealistic end state. As teams rush to “get the project done” organizational will wanes as do the achievable results within a defined period of time.



Self Focus vs. Customer Focus

Limited focus on the customer orients the organization's digital efforts around questionable things that do not matter to the end customer, thus impacting the organization's own priorities and desired business outcomes.



Technology Tail Wagging The Dog

Organizations chase after shiny digital objects and technology trends without first developing the necessary digital capabilities to sustain and advance their digital strategy over time.



Corporate Trench Warfare

A cultural and communication chasm between the business and IT functions leads to blame shifting and lack of progress in achieving desired digital experiences and outcomes.



Agile As An Outcome

The agile purists have entered the building and have convinced leadership, knowingly or unknowingly, that agile is the savior. The organization has adopted agile as an outcome versus a way of working to enable business outcomes.



COMMON **DIGITAL PITFALLS** *(CONTINUED)*



Not Understanding The Starting Point

Organizations fail to grasp the current state of their customer experience and digital capabilities and the gaps that exist to meet customer expectations.



Siloed Ownership Impacts Experience

Digital initiatives are confined to a single function instead of being embraced and integrated across the entire organization which ultimately leads to gaps, inconsistencies, and negative customer experiences.



Underresourcing The Digital Program

Inadequate cross-functional alignment and resource allocation to support a dedicated digital program structure and governance necessary for enacting change.



Ambiguous Digital Operating Model

Organizations lack clarity on the required people, process, and technology changes to support iterative development of digital capabilities.



Neglecting Culture & Change Management Needs

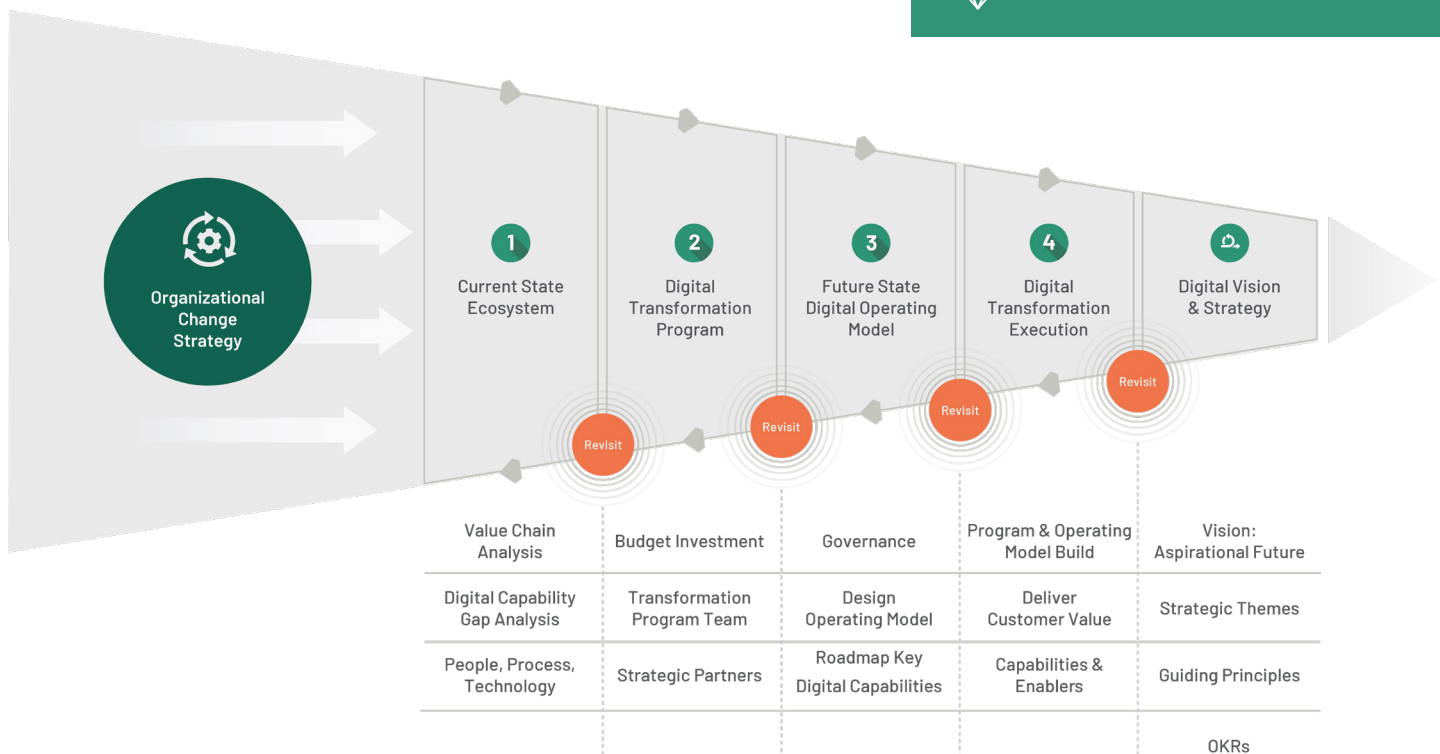
Organizations underestimate the importance of culture change and fail to develop a strategy or invest in the necessary efforts to bring the organization from its current state to state where it can perform digital product development at scale.



We defined digital transformation as, “An intentional, coordinated, and consistent effort to move an organization from its current state to an aspirational future state by digitally innovating the customer experience and business model to achieve strategic outcomes.” With this definition in mind it is no surprise that, while there are themes for organizations that struggle, there are also themes for organizations that successfully advance their digital transformation initiative.



THE CRITICAL FEW



What Successful Digital Transformation Initiatives Have In Common

We've explored the imperative of digital transformation for modern leaders and confronted the unfortunate reality of widespread failure in transformation efforts. However, amidst these challenges, there are organizations successfully undertaking digital transformation and revolutionizing customer experiences while driving business results. To achieve such success, we've identified the essential focus areas, known as the "the critical few," that are vital for a thriving digital transformation. These themes are not the sole requirements, but without them, success becomes elusive.



Start With Why

Define where you are headed and why



Understand Today

Understand your current state



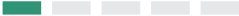
Build The Machine

Resource the program to realize change and build your future



Deliver Customer Value

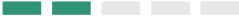
Iteratively deliver customer value and adapt your strategy, program, and operating model to better serve customers and your organization



01

Digital Vision & Strategy Alignment

The organization possesses a clear understanding of the digital transformation's purpose and direction while supporting the broader enterprise strategy and business objectives. A shared vision of success is established, accompanied by a high-level strategy that prioritizes the customer, embraces data-driven decision-making, and remains adaptable to market demands. Leadership and functional areas are aligned, driving a customer-centric approach to executing the strategy over time.



02

Comprehensive Understanding of the Current State Digital Experience

The organization comprehends its current digital landscape and customer experience. The current state articulation across people, process, and technology domains furthers broad understanding of the very tangible gaps in the customer's experience and the employees' ability to improve those experiences over time. This clear picture is the foundation of shared understanding for what needs to change in the future. It can help align teams, prioritize resources, and reorient employee focus to business opportunities versus non value-driven activities.



03

Commitment to Resourcing the Digital Program

The organization recognizes the investment required for successful transformation. Moving the entire organization through the various stages of digital transformation while sustaining ongoing business operations is challenging. Recognizing that it takes real work to change the current state of an organization sounds like a pretty simple concept. However, in our experience there are a finite number of leaders who invest to build a right sized program structure to carry the organization through the digital transformation journey. Genuine commitment is displayed by leaders who establish a well-structured digital program while providing the necessary resources to navigate the digital transformation journey effectively is a key ingredient of success.



04

Established Digital Operating Model for Continuous Improvement

In order to remain focused on the continued evolution and delivery of customer value, organizations must focus on building core digital capabilities. This requires organizations to organize around digital capabilities and customer experiences more intentionally. There are endless ways that organizations can organize their digital teams around customer value (teams, pods, Agile Release Trains (ARTs), etc.), but it must be done in a way that makes sense for your customers and your business. Successful organizations put in the work to define and refine their digital operating model over time while keeping a focus on building and sustaining digital capabilities that support customer value.



05

Responsive Organizational Change Strategy

People are integral to successful transformation, requiring a shared understanding of the change's purpose. By minimizing resistance and fostering change advocacy, organizations unlock customer and business value, facilitating a smooth transition to a better future state.

People make up any organization, and people need to understand the case for change to effectively engage in supporting a change. Digital transformation can dramatically shift in how an organization engages its customers, approaches its business operations, and advances its own business performance. The most successful organizations actively engage and support their employees throughout the change journey. By minimizing resistance and fostering change advocacy, organizations unlock customer and business value, facilitating a smooth transition to a better future state.

The one thing we want you to take away from all this is the vital importance of digital transformation readiness work in achieving your desired business outcomes as a leader. This work can be approached proactively, with a clear understanding of your business's unique needs, or it can be deferred, only refocusing on it after years of limited results in your transformation journey.

With decades of experience guiding organizations through their most challenging transformations, our team is here to support you. We hope that our perspective and accompanying tools will provide valuable insights for your digital transformation. If you wish to delve deeper into any of the concepts discussed or require additional support, we would love to help you on your leadership journey in the digital transformation realm. Let's unlock the possibilities that lie ahead, together.



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You have vision. We help you get there.

When you're ready to start your journey, we're here to help your team explore, problem solve, and push boundaries.

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The Digital Transformation Readiness ToolKit

We have provided a series of self-assessments and practical tools to help you gauge your organization's readiness for digital transformation. Our aim is to equip you, as a leader, with practical tools and conceptual frameworks to effectively involve your teams in the necessary work for a successful digital transformation journey.



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Digital Vision & Strategy Alignment

DIGITAL STRATEGY ALIGNMENT ASSESSMENT

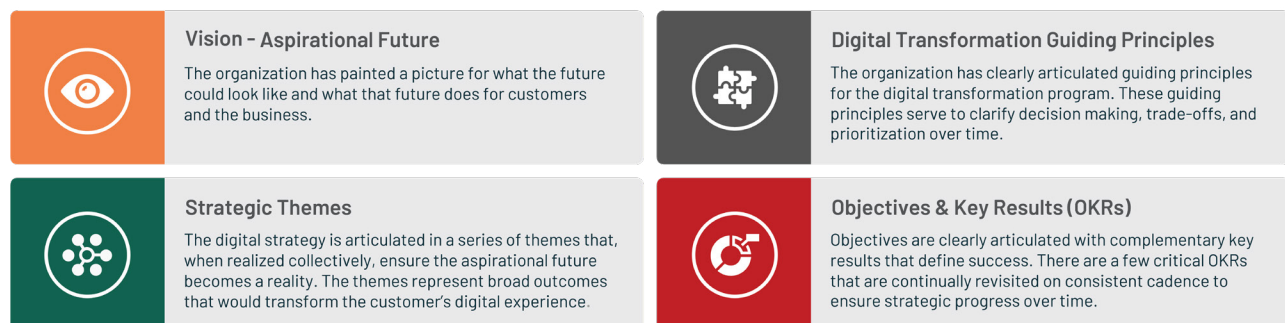
Below you will find a digital strategy alignment assessment tool. This tool is a simplified version of the process we take our clients through. It is designed to help you draw insights regarding your digital strategy. With this tool you will get a stronger sense for your organization's ability to clearly articulate a digital strategy, the level of alignment between the enterprise strategy and the digital strategy, and the general understanding and support of the organization's key leaders.

There are a wide variety of ways that organizations articulate their enterprise strategy. We have included our firm's strategy framework to outline the core elements of a typical enterprise strategy. We have also outlined the digital strategy domains that we would expect to have clearly defined in a digital transformation program. Below you will see how these digital strategy domains align to and support your enterprise strategy.

Click the orange button to fill out the
Digital Strategy Alignment Assessment



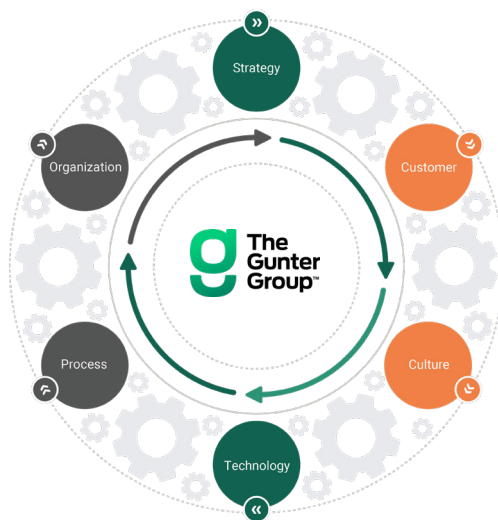
Digital Strategy Alignment Assessment



Comprehensive Understanding of the Current State Digital Experience, Digital Program Resourcing, and Digital Operating Model:

DIGITAL TRANSFORMATION READINESS ASSESSMENT

Below, you will find a simplified version of our comprehensive assessment of digital capabilities. We have identified six domains of digital capabilities that are typically observed in high-performing digital organizations, along with specific characteristics within each domain. The tool includes a five-level maturity model rating system. It aims to provide you with a high-level assessment of how well your organization currently supports these critical digital transformation capabilities with digital program resourcing and an established operating model. It also serves to align key stakeholders on a common framework for how to think about transformation so that you can open up productive conversations about where things are going well and where there is room to improve.



Click the orange button
to fill out the Digital
Capabilities Assessment

Use the Maturity Model
visual below as a reference

[Digital Capabilities Assessment](#)

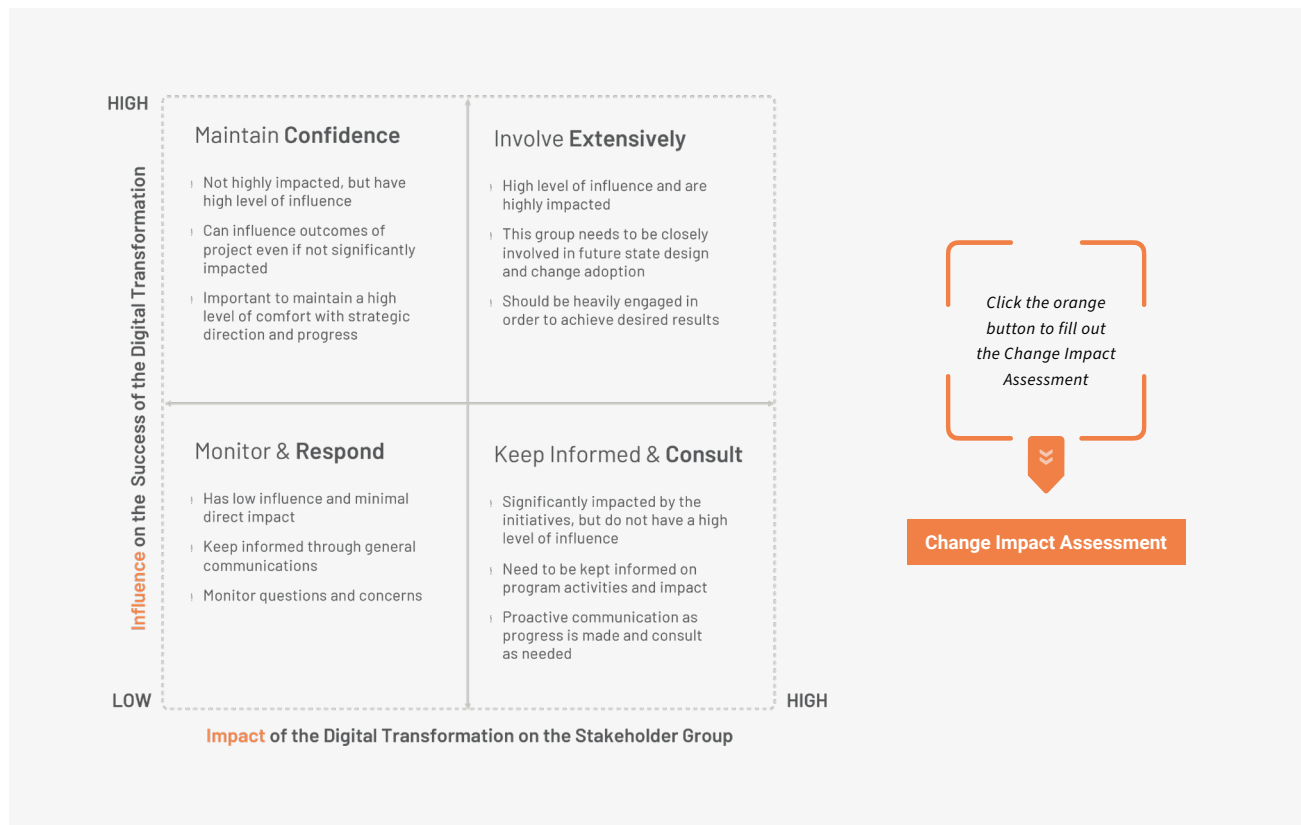


Maturity Model

Organizational Change Strategy

CHANGE IMPACT ASSESSMENT & STAKEHOLDER MAP

Below, you will find a change impact assessment template and a stakeholder mapping tool. These tools simplify the activities we lead or support in client engagements. They help you understand how digital transformation will impact specific functions and key stakeholders. The template outlines the key digital capability domains to help leaders grasp the implications of digital transformation on their teams and neighboring teams. Additionally, the stakeholder mapping tool allows you to categorize stakeholder groups based on their influence and the impact of the change on them. This tool enables you to develop tailored stakeholder engagement plans for each unique group.



By utilizing these assessments and tools, you can gain a clearer understanding of your organization's readiness for digital transformation, align key stakeholders, and develop effective strategies for success.

Sources

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- [Quixy - Top Digital Transformation Quotes](#)
- [Zendesk - 35 Customer Experience Statistics to Know for 2023](#)
- [Lumoa - 100+ Customer Experience Stats to Know in 2023](#)

Maximizing client potential through trusted partnerships

We exist to help organizations realize success through transformational change by bringing together the power of our execution, technology, strategy and people services.



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You have vision. We help you get there.

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