DISCOVER WHY ORGANIZATIONAL CHANGE MANAGEMENT IS CRITICAL

TO DIGITAL TRANSFORMATION

PERFICIENT

Today's competitive markets demand that enterprises evolve faster, become more efficient, and focus on memorable customer experiences. For many of those enterprises, a "digital transformation" is necessary to meet this demand. The independent research and strategy consulting firm Altimeter Group defines digital transformation as "the realignment of, or new investment in, technology and business models to more effectively engage digital customers at every point in the customer experience lifecycle."

These transformations are extensive and comprehensive. They are also intimidating; a company intent on transformation may choose to initiate half measures to defer costs or minimize disruption. However, indecision and waste create roadblocks that hinder an enterprise's efforts to remain competitive.

The comprehensive nature of transformative change requires careful attention to the way this change is managed. By their nature, digital transformations interrupt the internal continuity of an enterprise until the new system acquires momentum. Organizational change management (OCM) minimizes the interruptions and decreases the time required to realize productivity gains from transformation.

Change management strategies capable of clarifying the levels of individual and institutional commitment are essential for successful digital transformations.

DEFINING ORGANIZATIONAL CHANGE MANAGEMENT (OCM)

Digital transformations demand big, overarching commitments from everyone within the enterprise. If people know and appreciate the importance of their roles within a transformation, this collective commitment can withstand any stresses brought by wide-reaching change.

OCM is a structured approach for getting people ready, willing, and able to accept and embrace new ways of working that are critical to future-state performance. Although the changes may be unique, a good strategy motivates willing individuals, encourages those who have doubts, and aligns the motivation and encouragement with the implementation.

Views will differ across an enterprise on what change management is and how best to implement it. Effective strategies for change blend the best elements from these views and promote understanding from the perspectives of each employee on how they can make progressive change possible. Positive attitudes are as important as technology – perhaps even more so – in limiting destruction and maximizing return on investment (ROI). Once large obstacles are removed, enterprises will have little trouble driving digital transformations forward.

OCM

THE STRUCTURED APPROACH FOR GETTING PEOPLE READY, WILLING, AND ABLE TO ACCEPT AND EMBRACE NEW WAYS OF WORKING THAT ARE CRITICAL TO FUTURE-STATE PERFORMANCE.

READY

"I understand what the change is and why it's important."

"I understand what's in it for me."

WILLING

"I understand my role in this change."

"I am excited for what this change will bring."

"I believe my leaders buy into this change."

ABLE

"I have the training and tools I need to do my job in the future state."

"I understand how success is measured."

WHERE DIGITAL TRANSFORMATION AND OCM INTERSECT

Customer engagement continues to evolve. The way enterprises serve customers today will look and feel different in a short time. If the enterprise can adapt, customers will remain loyal, and that loyalty entices potential new customers. But failure to adapt can turn a company from digital predator into digital prey. Transformations address the dislocation and disruption created by this customer engagement evolution.

Historically, dislocation comes from the top in an organization, while disruption emanates from the bottom. Numerous channels are affected, prompting a revision of digital strategy. Among the common elements of a digital transformation:

- **Programs that manage multiple projects**
- **The creation of new roles**
- Development of mobile application programming interfaces (APIs)
- A new website
- An updated eCommerce engine
- **Multiple rollouts of new tools and systems**
- **A unification of the in-store and online experiences**
- **A unification of the web and mobile experiences**

OCM has the capacity to aid all of the items listed in bold. Each step of the digital transformation process requires buy-in across the organization, not just within specific offices or departments. OCM identifies the variety of changes and the levels of commitment required from employees to meet them.

WHY THE INTERSECTION MATTERS

The famous movie phrase, "If you build it, then they will come" may work in Hollywood, but not in business. The change management advisory firm Prosci estimates that two-thirds of all enterprise-level projects fail to meet business objectives and ultimately bring little or no ROI due to poor adoption techniques instead of inadequate technology. Unsuccessful attempts to engage stakeholders in the process, inattentiveness to user needs, and ill-timed communication are just a few of the potential obstacles that separate good ideas from successful ones.

Change is hard. Humans naturally resist it. Even those responsible for making change happen daily are resistant to a degree. And transformations are, by definition, far-reaching in scope. So, when we talk about digital transformation, we are framing the discussion for a metamorphosis – a profound shift from one stage of existence to another.

At the enterprise level, a transformation occurs one person at a time. OCM reveals how digital transformations work for each person throughout an enterprise.

THE HUMAN IMPACT ON ROI

People who serve as OCM agents understand how the individual shapes the company. They seek answers to crucial questions such as:

From executives
- Will this improve my top line? My bottom line?
- Will this excite my people?
- What happens if the initiative fails?

From managers and line personnel
- What does this mean for my job?
- Will it make my job easier?
- Will I still have a job?

At Perficient, we build a Case for Change report to address these questions and many more. When people understand why transformational change is necessary and realize their roles within it, they become invested in the process, pay closer attention to details, and become engaged.

TWO-THIRDS OF ALL ENTERPRISE-LEVEL PROJECTS FAIL TO MEET BUSINESS OBJECTIVES

The process takes time and patience. Not everyone will grasp the essential concepts at the same moment. But securing buy-in from a majority of users substantially elevates the likely rate of ROI (Figure 1).

Prosci's research (Figure 2) illustrates just how much a well-executed change management strategy improves the likelihood of project success. OCM elevates that likelihood by a factor of six. It also has a profound impact on the probability of staying on schedule and on budget, resulting in a higher benefit realization as well as greater ROI.
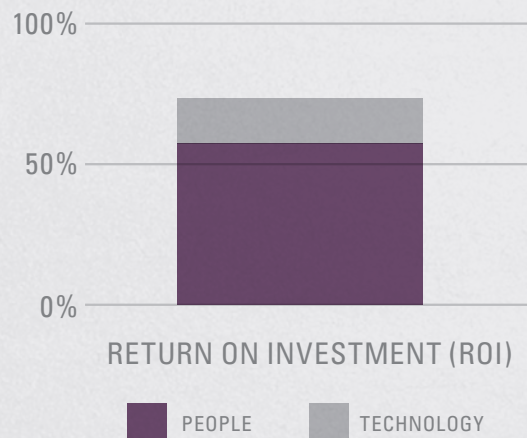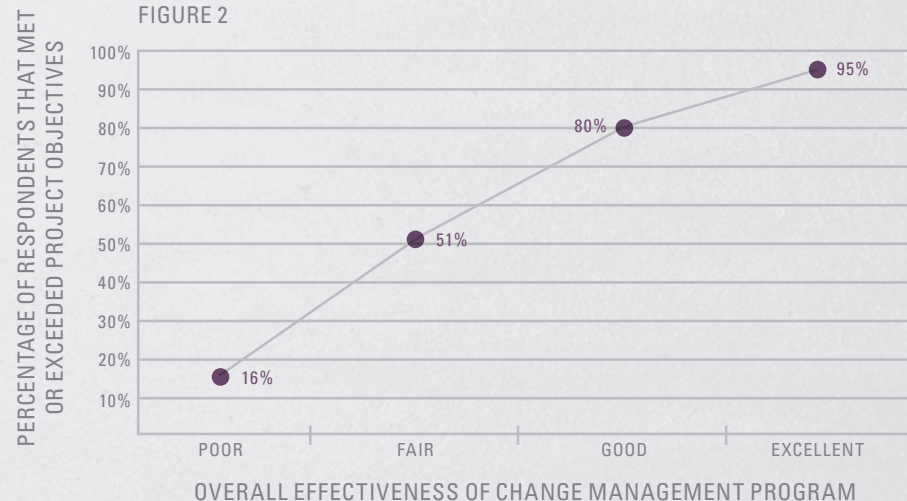
FIGURE 1

RETURN ON INVESTMENT (ROI)

- PEOPLE
- TECHNOLOGY

FIGURE 2

PERCENTAGE OF RESPONDENTS THAT MET OR EXCEEDED PROJECT OBJECTIVES

- 16%
- 51%
- 80%
- 95%

OVERALL EFFECTIVENESS OF CHANGE MANAGEMENT PROGRAM

POOR · FAIR · GOOD · EXCELLENT

GETTING STARTED

Before enterprises can determine where they intend to go with digital transformation, they must figure out where they are now in relation to that journey. An Envision Framework, similar to the one to the right, helps a company prioritize and address key questions that can help uncover insights, drive strategy, and create a plan for a successful transformation. The answers to these questions determine a company's customer experience IQ (CXIQ).

Missing from this list is innovation. It stands alone because it is the central element in any digital transformation. In today's digital marketplace, success lasts only as long as one great idea. An enterprise that pursues a transformation merely to streamline current practices misunderstands the purpose of digital transformation and lacks the means to become truly innovative.

INNOVATION IS THE CENTRAL ELEMENT TO ANY DIGITAL TRANSFORMATION

THE ENVISION FRAMEWORK

INSIGHTS

DISCOVERY
Knowledge Transfer
Stakeholder Workshops
Discovery Workshops

RESEARCH
Primary Research
Secondary Research
Analytics Review

BENCHMARKING
Competitive Analysis
Performance Baseline

ANALYSIS
Tech Assessment
Readiness Assessment
CXIQ

STRATEGY

EXPERIENCE
Value Proposition
Experience Mapping
Mental Modeling
Business Alignment

VISION
Vision Statement
Vision Comps
Experience Vision

CAPABILITIES
Capabilities Matrix
Process Mapping

TECHNOLOGY
Technical Design
POC
Platform Selection
Integration Strategy

PLANNING

PROGRAM
Program Plan
Governance Plan
Change Management

RESOURCE
Resource Planning
Center of Excellence

OUTCOMES
Gap Analysis
Business Case
ROI Analysis
Strategy Realization
Measurement

ROADMAP
Roadmap Planning
Implementation
Planning

THE VALUE OF A DIGITAL ROADMAP

Once the framing questions are answered, the next step involves drawing up a digital roadmap – a strategic canvas for visualizing the future. The roadmap focuses the enterprise's vision, objectives, and strategy. It incorporates all elements of the business — not just department-level needs — and charts a clear path for long-term business growth. Precise, insightful roadmaps inspire innovation by pointing where optimal opportunities arise for reappraisal and redevelopment of the customer experience.

DIGITAL ROADMAP FOCUS SHIFT

T1	T2	T3	T4
INNOVATIVE			
SIMPLE BASIC			
FOUNDATION			
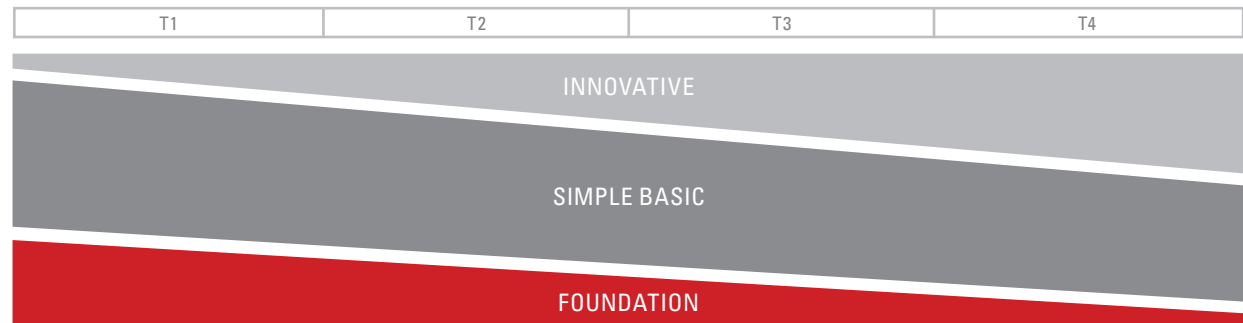
T1	T2	T3	T4
UI/UX, Tracking Analytics, Monitoring/Alerting, Security, Scalability, and Stability			
SOA/API/Web Services Overhaul			Portal Consolidation
Self-Service Portal Redesign			
Bring New Busindess Units Online			Continuous Improvement
.COM, SEO/SEM, Along with Site Redesign			
Digital/Mobile/ Innovation Center of Excellence			

TYPES OF CHANGE

DIGITAL TRANSFORMATIONS ARE BROAD AND ALL-ENCOMPASSING – A KIND OF METAMORPHOSIS IN THE MARKETPLACE. HOW DOES THAT COMPARE TO OTHER TYPES OF CHANGE?

DEVELOPMENTAL CHANGE
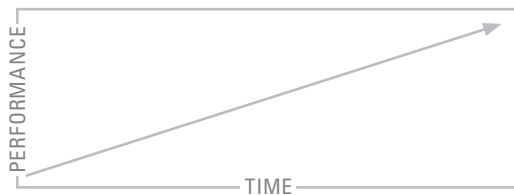
- New state is described as a prescribed enhancement of the old state

Developmental change is made to improve current business procedures and is often the first step to making additional changes to your business to help you meet customer experience demands. Successful management of developmental change instills confidence in your team and demonstrates that you are taking a sensible and measured approach to change. When making developmental changes, it's important for you to:
- Explain why the changes are taking place
- Provide the right training to use the new processes and technology
- Demonstrate your commitment to the success of your team

TRANSITIONAL CHANGE
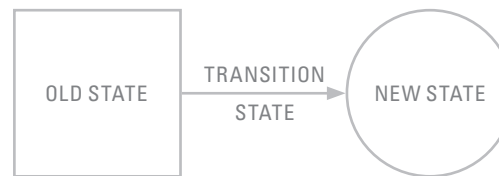
- Requires design and implementation of new state
- Requires management of a transition process that incorporates dismantling the old state
- Requires a managed timetable

Transitional changes are common and require relatively straightforward change management that includes:
- A well-communicated case for change
- A job impact assessment
- A clear change plan
- High employee involvement in designing and implementing the plan (the significant factor for success is an engaged sponsor)
- Sound communications and training plans
- Adequate support and integration time

TRANSFORMATIONAL CHANGE
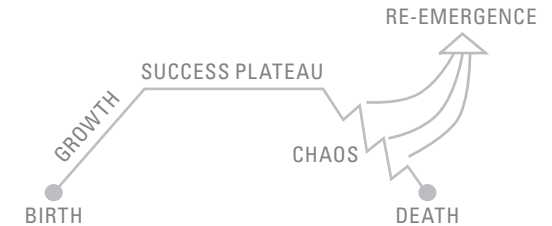
- Targets a new state that is largely unknown – emerges from visioning, trial, error, discovery, and learning
- Requires a fundamental shift in mindset, behavior, and culture to support a new business direction
- A critical mass of the organization must operate from this new mindset and behavior for the initiative to sustain itself

Transformational changes require radical shifts in strategy, systems, process, and technology – so radical that they also require a reappraisal of corporate culture. Instability and uncertainty along the way are inevitable. Thus, human and cultural issues become key drivers.

Digital transformation is designed to change the way people work. It is not a new application or a new system or a new process – it encompasses all of these things. New tools and new ways of working and thinking make real breakthroughs possible. The key is having an institutional open-mindedness that perceives and welcomes the value-added benefits of a breakthrough.

APPROACHING TRANSFORMATIONAL CHANGE

Change leaders are responsible for formulating the strategies and methods capable of transforming mindsets and culture for digital transformation projects to succeed. They must:

- Address leaders and change targets
- Engage stakeholders actively
- Build two-way communication channels
  – Focus on listening
  – Develop a culture of openness and authenticity
- Ensure the overall vision can be grasped and is understood by reinforcing the case for change
- Turn resistance into commitment

When determining the level of change management needed, organizations must first assess the kind of digital transformation and change sought at both a program and project level.

- Developmental = Small
- Transitional = Medium
- Transformational = Large

Then, assess what change management capabilities and capacities are available for the level of change effort required.

LITE VERSION
Get the ball rolling; transition execution to client

LEADERSHIP MODEL
Provide the strategic change leadership through the project

FULL SUPPORT
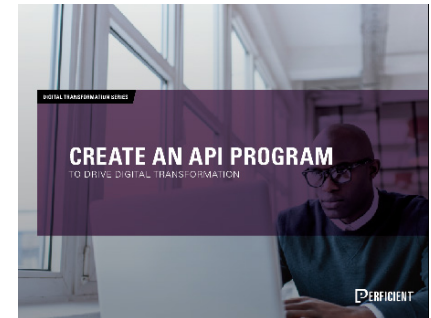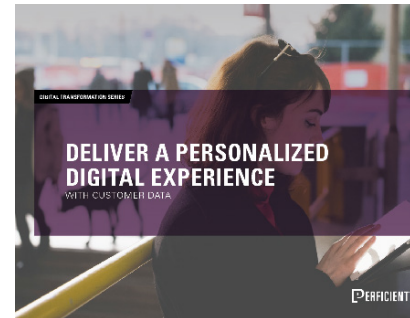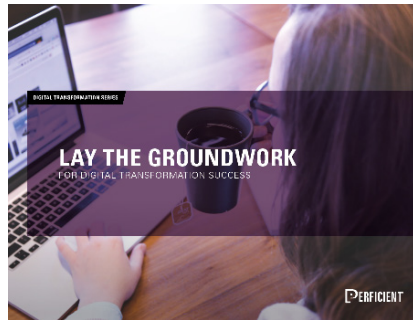Provide the leadership and bandwidth for a complete change program

Digital transformations are expansive and life-changing; they are not intended to be quick fixes implemented over a few days through slight alterations in processes or procedures. Because of this, transformations tend to be intimidating and underestimated. Fortunately, organizational change management, incorporated at the discussion stage, helps protect the enterprise's investment and maintains the institution's focus on achieving target ROI.

Your company already knows how change management works – some form of it appears in every project. The question is: Are you willing to take it further and transform the enterprise to meet the market demands of the 21st century?

Let Perficient help you on your digital transformation journey:

LAY THE GROUNDWORK
FOR DIGITAL TRANSFORMATION SUCCESS

UNDERSTAND THE IMPACT
OF CUSTOMER EXPERIENCE
ON DIGITAL TRANSFORMATION

BUILD A SOLID
MOBILE FOUNDATION
TO DRIVE DIGITAL TRANSFORMATION

HARNESS YOUR DIGITAL
MARKETING TOOL BOX
FOR DIGITAL TRANSFORMATION

ALIGN BUSINESS
DATA AND ANALYTICS
FOR DIGITAL TRANSFORMATION

RETHINK AND REALIGN
FOR DIGITAL TRANSFORMATION SUCCESS

DELIVER A PERSONALIZED
DIGITAL EXPERIENCE
WITH CUSTOMER DATA

CREATE AN API PROGRAM
TO DRIVE DIGITAL TRANSFORMATION

ADDRESS THE
INTERNAL IMPACTS
OF DIGITAL TRANSFORMATION

OVERCOME THE
FIVE MAIN BARRIERS
TO DIGITAL TRANSFORMATION

DOWNLOAD GUIDES AND ADDITIONAL
DIGITAL TRANSFORMATION RESOURCES AT:
perficient.com/digital-transformation

ABOUT PERFICIENT

Perficient is the leading digital transformation consulting firm serving Global 2000® and enterprise customers throughout North America. With unparalleled information technology, management consulting and creative capabilities, Perficient and its Perficient Digital agency deliver vision, execution and value with outstanding digital experience, business optimization and industry solutions.