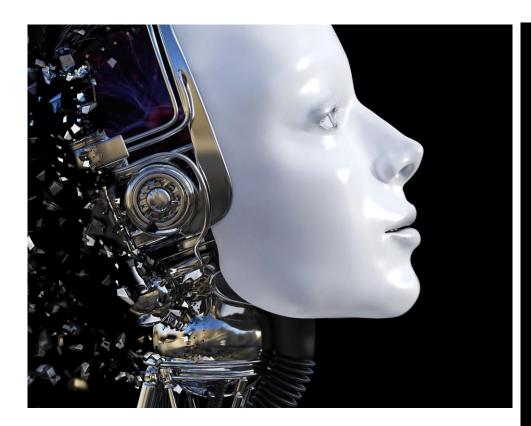# Deloitte.

Activating the digital enterprise
A sink-or-swim moment for
today's enterprise

It's time to do something big—something more than moving systems to the cloud or adopting tools that let employees work when, where, and how they want to.

Annual churn in the list of Fortune 500 companies shows that even seemingly solid business models can fracture. Think you have a lock on your corner of the industry? Don't be so sure. Recent history is littered with examples of leading companies that faltered because they failed to evolve into truly digital enterprises.

Truly digital enterprises focus intently on the power of three principles:

Digital at the core. They are redefining the business and make digital more than just talk. Digital processes, digital engagement, and digital strategy pervade every aspect of their operations. These organizations recognize that being digital involves far more than new technology and social media. They understand that digital success relies ultimately on how they organize, operate, and behave.

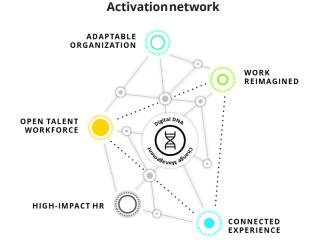**Developing an enabling environment and culture.** They intentionally cultivate their cultures, actively develop talent, and organize for digital maturity. This includes a workforce sourcing strategy that delivers the future of work and blends together on- and off-balance-sheet workers with cognitive technologies to reimagine the way work is performed. They create consumer-grade experiences for the workforce and give workers digital tools that help them manage time effectively and intentionally collaborate across geographies. They develop the skills of the workforce in a continuous learning environment, reinforce digital concepts at every opportunity, and encourage workers to think digital.

Taking action, not just promoting a vision. They build commitment and digital-ready leaders that can actively help weave digital capabilities into the fabric of the enterprise—working across departments and functions to make sure that smart ideas and tools aren't limited to one corner of the organization. They guard against simply throwing more technology at things. Instead, they strategize and think ahead, focused on enterprise growth in all its forms, and they commit the right level of resources to fund their evolution.

The days of incremental improvements are over. Today, gaining an edge on the competition isn't about taking the lead in a race. The competition isn't a race. It's a battle for survival and enterprises across all industries today face do-or-die moments. Not all of their leaders realize it, however.

Here's what *not* to do

If you've ever found yourself saying you want to be "the Google of x" or "the Amazon for y," pause for a moment. You might be thinking big without actually thinking. Thriving in today's environment requires original vision, not just a desire to mimic the business models of other leaders. (Remember: Not even the biggest players are immune to failure.) Molding your organization in the image of today's successful businesses is no guarantee that you will see success.

A more prudent approach involves taking a hard look at the business strategy that you want to evolve. For example, a consumer products company might want to find a path that helps it get from concept to market faster—versus "getting the product right." Know your digital ambitions or intentions—and the "why" behind them.

What you should consider…

Many organizations struggle with failed investment in digital transformation or they fail to evolve into being digital. In search of insights, Deloitte Digital teamed with *MIT Sloan Management Review* to study digital maturity. Based on this research and our experience, businesses that are effectively activating the digital organization—an organization that can thrive amid ongoing disruption—have a few things in common.

The qualities that matter

Truly activating the digital enterprise requires a focus on the details—an understanding of the specific traits you have and the traits you will need. Deloitte has pinpointed 23 traits that make up the "digital DNA" of organizations today. Traits include an organization's ability to intentionally collaborate, to continuously innovate, to democratize that innovation, and to successfully operate with morphing team structures—to name a few. Starting with understanding your digital DNA is essential to being digital—and it's just one of several drivers that can help you accelerate your activation as a digital organization.

Activation network

Here's a look at the complete list of drivers:

Work reimagined
Reimagine what work will look like in the future and how it will fundamentally change as advanced technologies are incorporated. This entails redesigning work activities and processes to determine the best combinations of automation (e.g., Robotics, Cognitive) and human skills. High-volume, data intensive and repetitive tasks, as well as those that are physically dangerous, transition away from humans. Humans are freed up to focus on value add/strategic activities and those that provide better connections to customers, utilizing character traits that automation is unable to match, such as empathy.

Adaptable Organization
Drive work through network-based teams that are cross-functional and agile, with limited hierarchy. Doing so will require different leadership skills. What makes a leader "great" remains unchanged. A great leader, for example, knows that strong influence is imperative. Before, a leader used influence to persuade stakeholders to support initiatives or ideas. In the new digital context, a great leader will need to persuade skeptics of ideas that are unproven and that carry new risks.

Digital DNA at the Core
Organizations are beginning to come of age digitally, transforming how work gets done to thrive in the digital era. This transformation is unprecedently complex, making it more important than ever to get the vision right and approach change iteratively. Digitally mature organizations possess 23 traits in common – Digital DNA – enabling them to be more agile and adaptive at their core. To accelerate transformation, identify critical Digital DNA traits needed, and weave them into how you organize, operate, and behave through small, tactical actions designed to create scalable impact.

Open talent workforce
Driving the future of work means introducing new talent categories in a more open talent economy. The vision includes salaried, "gig," and ecosystem partners working together seamlessly. It also requires new ways of looking at workforce sourcing, performance engagement, and rewards. Organizations should understand which skills to build, buy, or rent. And they should drive digital learning experiences that help build workers' capabilities and allow them to develop along a 21st Century career path.

Connected experience
In an increasingly connected world and in light of shifting workforce values, organizations have begun to harness experience design in driving the bottom line. At the heart of the connected experience is bringing together the right people for the right work at the right time. Through creating consumer-grade experiences that combine virtual and physical workspaces alongside digital tools, organizations are striving to achieve empower and enhance the performance of workgroups. Those that do will see dividends in the form of increased productivity, heightened collaboration and engagement, and financial and operational returns.

Putting these drivers to work and enabling the new digital enterprise requires a high-impact HR partnership and a marketing approach for managing the evolution. To do that, organizations should have two things:
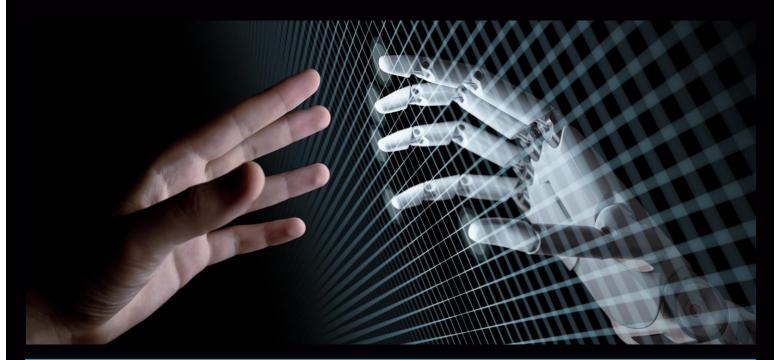
High-Impact HR
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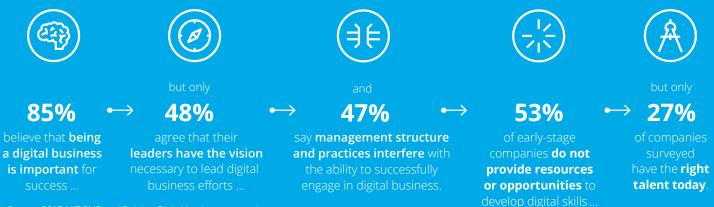
Change Management
Activating the Digital Enterprise requires embracing a design-thinking approach to change management, with the customer (i.e., the worker and your leaders) at the center of the design. As part of enablement, you should take a marketing approach to understand how to guide your evolution, using analytics to determine the best way to help your workers develop, produce, and evolve. Accelerate transformation by transforming change management to marketing, embracing iteration and navigating human factors along the way.

Why it matters

Many leaders across industries understand the urgency of activating the digital enterprise. They also understand that they have to adapt.

85%
believe that **being a digital business is important** for success ...

but only
48%
agree that their **leaders have the vision** necessary to lead digital business efforts ...

and
47%
say **management structure and practices interfere** with the ability to successfully engage in digital business.

53%
of early-stage companies **do not provide resources or opportunities** to develop digital skills ...

but only
27%
of companies surveyed have the **right talent today**.

Source: 2017 MIT SMR and Deloitte Digital business research

Building your approach

Companies in need of transformation typically fall into three categories: those that have no idea where to start, those that plunge into the journey without too much forethought, and those that put together a plan that they can execute. Want to start with a plan? Here are a few things to know.

Know what you want to be. Define your "to be" state. What is your ambition? How do you stand out in your industry? How do your customers and partners engage with you? How do they view you? More importantly, why do you want to be digital? Is it because you want to be the leader in your industry? Or do you want to conquer multiple new industries? Whatever your answer, there's one thing you will have to be: a survivor.

Know thyself. Define where you are, what you are, what you can do, and what's important to your organization. A great place that can help you understand where on the spectrum your organization falls when it comes to achieving your ambitions, and help you prioritize the right actions to maximize return.

Know the big picture—the really big picture. Digital maturity isn't just about your business. It's about the survival of your business. Right now there is a competitor developing the next disruptive idea to try and put you out of business—to deliver service faster, produce a more desired product, engage consumers more meaningfully. Eighty-five percent of business executives (MIT SMR Deloitte research) still say that digital will disrupt their business—so we have only just begun.[1]

Every business model is at risk of extinction. And the ideas are coming from surprising places—from companies like new auto makers and old industrial companies that have built their brands selling not-so-digital products. The challenges are coming from "gig economy" business models and from "sharing economy" darlings, too—from young companies that, by many metrics, already are outpacing the traditional leaders in industries such as lodging and transportation.

If survival is at stake—which it is—and if you don't know what you're up against, how can you know how to respond? Activating the digital organization is not about transforming a stuffy old business into something on par with a ride-sourcing behemoth. It's about realizing that business has forever changed. Thinking in terms of digital, transacting digital, operating digital, engaging digital—it's the new default. You cannot sit idle, and leaders who fail to take steps to activate the digital organization might find themselves with a lot of explaining to do.

[1] "Achieving Digital Maturity: Adapting your company to a changing world," Deloitte Insights and *MIT Sloan Management Review*, July 2017.

Ready to activate?

You don't have to undertake a digital transformation alone. Deloitte can help. Each day across the globe we help clients in every industry leverage research, analytics, and industry-specific insights to help design, activate, and accelerate the digital enterprise from within. We can help with needs across the entire business and technology landscape—from current processes to machines and human skills, from positional leadership to digital leadership, and from buying digital skills to building a continuous learning environment to develop tomorrow's skills. If you're ready to activate the digital enterprise and position your business to survive—and thrive—amid constant disruption, we're ready to show you how to begin. Contact us to get the conversation started.

Let's talk

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