

You're Going Digital – Now What?

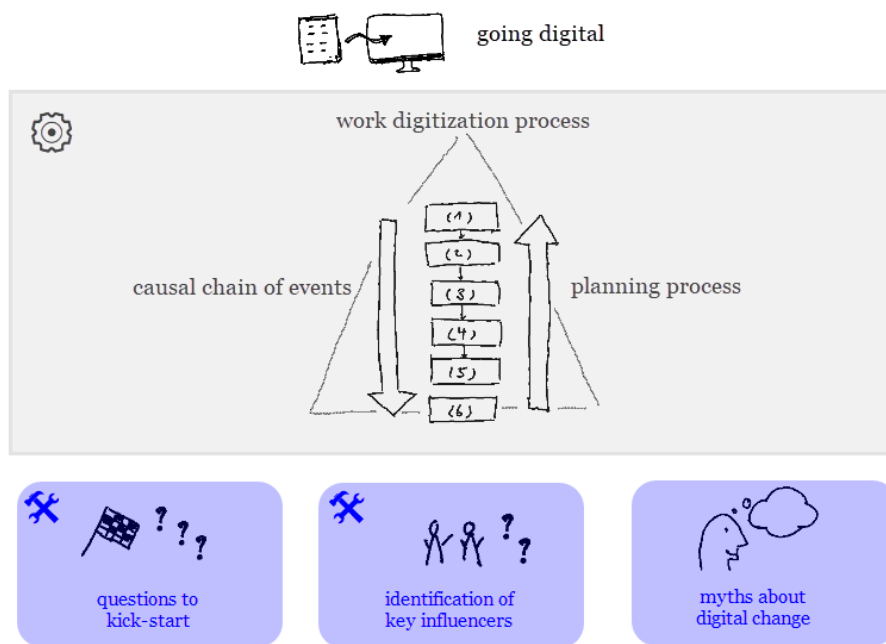
In Short

📄 **You're Going Digital – Now What?** 🧑 Paul Leonardi 📖 MIT Sloan Management Review, Winter 2020

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#digitalization #strategy

💡 **What:** Success of digital transformations depends less on top-down strategizing than on the way people on the front lines implement new digital tools.

✓ **Why:** Leaders can strategize in reverse: They have to understand how digital tools come to be used widely and effectively, in order to create an environment that provides optimal conditions.



Things to Remember

- It is necessary to know how digital transformation tends to be experienced and processed by the company's employees. When digital tools do not get used, the way they are supposed to be, the anticipated gains fail to materialize: Digital transformations become digital flops.
- ⚙️ The "Work Digitization Process", consists of a set of six interlinked phases, that are part of the "Causal Chain of Events" and the "Planning Process". The process is to be mapped out with the similar rigor as activities such as financing the transformation, reorganizing the company, developing data-driven insights and reducing time to market.

- 🌀 The causal chain of events describes how change develops internally during a digital transformation. The six phases are the following: (1) leaders sell the digital transformation (buy-in on goals); (2) employees decide whether to use the new technology; (3) employees decide how they will use the new technology; (4) new kinds of data change the way employees behave; (5) performance improves locally; (6) local performance aligns with company goals.
- Explaining the benefits of digital change to the workforce creates frames of reference that people use to understand the technology they are being asked to implement.
- Employees consider whether the technology enables them, as individuals, to carry out the goals announced by the company's leaders.
- A digital transformation gets traction when it meets key corporate goals by employing technologies that improve local processes and results.

“Implementing digital technologies to create meaningful change is hard work. To make a digital transformation take off, business leaders have to first understand the internal chain of events that is set off by the introduction of new technologies.”

- 🌀 The planning process starts at the point where the causal chain of events ends up (planning in reverse). The first phase includes the identification of the gains in performance that are achieved locally with new digital tools. Building and working back from there, company's goal are set.
- ✂ Three questions to kick-start the planning process:
 - (1) “Which local activities have the most potential to transform the company?” → The identification of local activities will affect the choice of the digital tools to bring in, inform how to lay the groundwork for implementation, and support the efforts to rally the company behind the transformation.
 - (2) “How can you foster information flow and behavioral change in your organization?” → Changed roles and relationships are byproducts of a digital transformation. Employees need to be able to change tasks, roles, and social networks fluidly.
 - (3) “Who are your key influencers, and how can they help your culture become digitally ready?” → The identified influencers can be enlisted to broadcast the promise of the coming digital change. They are central players in the informal advice-seeking networks of the company.
- ✂ Two simple questions that help to identify company's key influencers: “Whom do you go to for advice about technical issues?” and “Whom do you go to for advice about strategic issues?”
- Three myths about digital change: (1) New technologies have immediate and direct effects on performance; (2) Implementing new technologies is the IT department's job; (3) Most digital transformation efforts fail because the technology did not work.