5 CHALLENGES
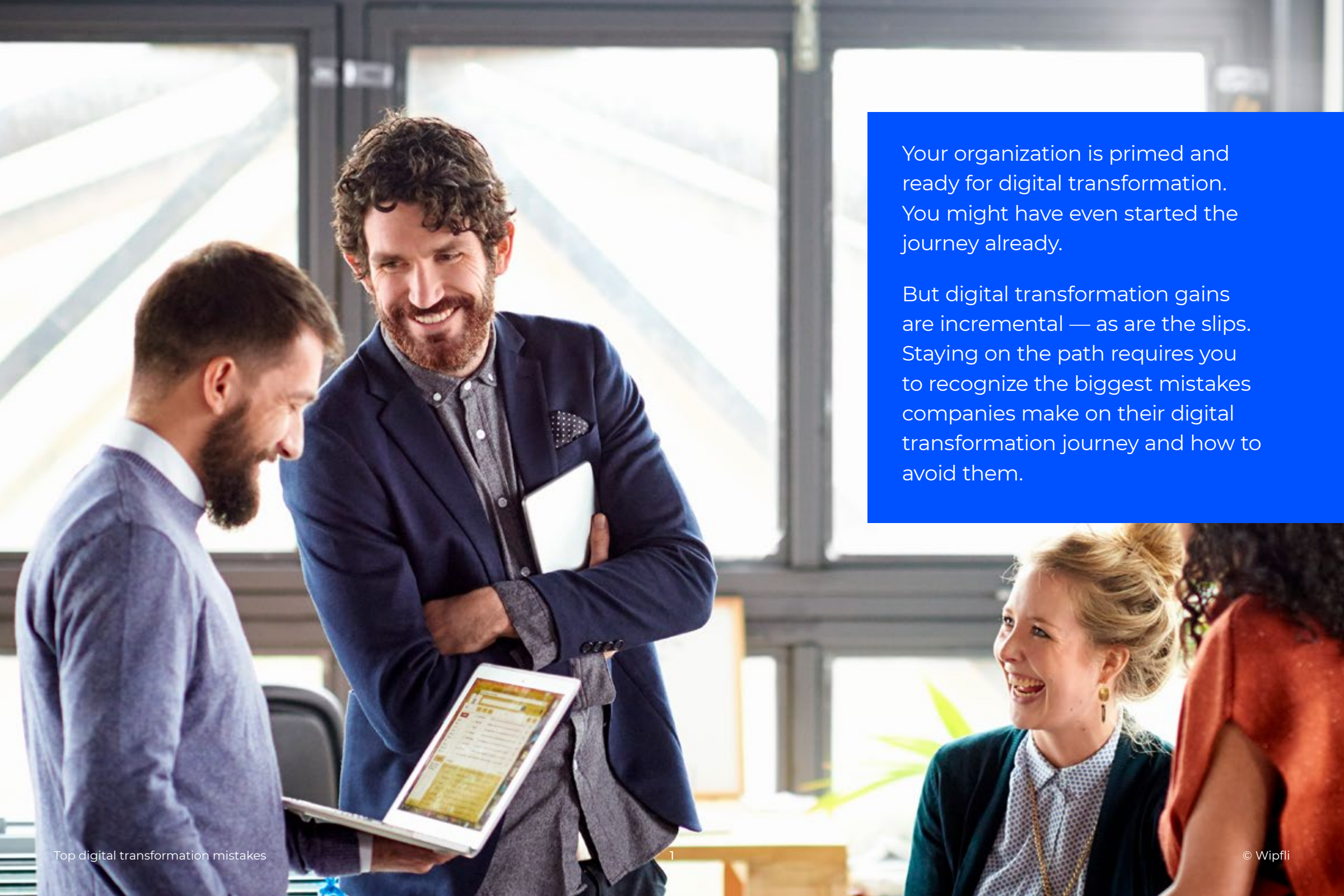
that successful organizations overcome

TOP DIGITAL TRANSFORMATION MISTAKES

WIPFLI

Your organization is primed and ready for digital transformation. You might have even started the journey already.

But digital transformation gains are incremental — as are the slips. Staying on the path requires you to recognize the biggest mistakes companies make on their digital transformation journey and how to avoid them.

Here's what to **AVOID** as you move forward:

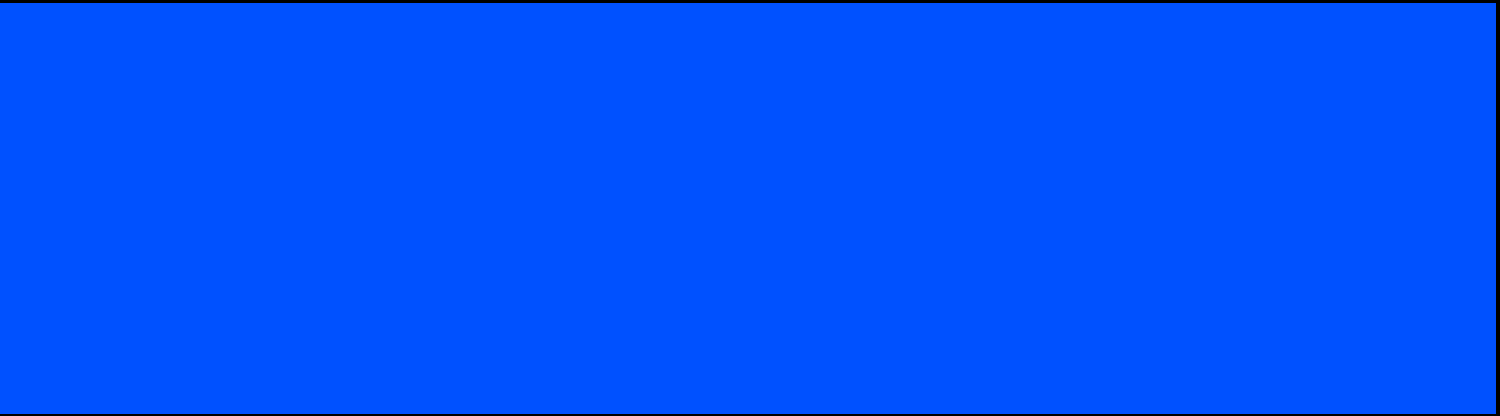| 1	2	3	4	5
Starting without KPIs	Skipping change management	Focusing on tech-driven outcomes	Ignoring future disruptions	Thinking you're one and done

Only

30%

of digital transformation efforts succeed.

MISTAKE 1

You haven't determined how you'll measure success.

Organizations might **MAP OUT** digital transformation goals. The steps to meet each goal. Who is accountable for what. But they are unable to clearly see whether **THEIR STRATEGIES** have paid off.

HERE'S WHY ENTERPRISES NEED TO INSTALL KEY PERFORMANCE INDICATORS AND HOW TO WORK THEM IN:

Read the fuel gauge

Where are you on the path to digital transformation? Is the fuel gauge showing full or empty? Enterprises that forget about KPIs are not able to answer these questions consistently and reliably.

They are missing out on opportunities. Case in point: Measurable wins, however small, buoy team spirit. And digital transformation is a rocky road, so markers of success help smooth out the bumps.

Second, without real results, the case to the C-suite gets fuzzy. You need continued investment from top down. Nothing makes the point better than visible success — or failure.

Remember that it's about data

Data is the currency that fuels digital transformation. Companies that ignore KPIs miss the point of the exercise.

It's never too late to go back to the drawing board. Work backward from final outcomes. Ask yourself: What is our goal? Why are we doing this? How can we measure the before and after? The KPIs will fall into place after this exercise.

Get smart about SMART

In some cases, enterprises might have set KPIs in place, but they are too fuzzy to be any good.

You need specific, measurable, achievable, relevant and time-bound (SMART) goals. Agile transformations set goals in bite-sized chunks with measurable outcomes.

Don't forget to recalibrate

You've seen it: The digitally mature business you have built today might have been barely recognizable three years ago.

KPIs set in motion years ago rarely are still relevant. When transformation goal posts change — as they should — make sure you are not using old standards to measure new outcomes. Study the KPIs under the microscope to see whether they still work for where your enterprise is today.

Successful digital transformations are twice as likely to **SET CLEAR** KPIs and targets to meet than unsuccessful ones.

MISTAKE 2

You don't have a change management plan.

A staggering 70% of all digital transformations fail because enterprises miss real opportunities for dialog with their people. **CHANGE MANAGEMENT** helps people take ownership of the process. Without that, the battle is already lost.

HERE'S HOW TO NURTURE EFFECTIVE CHANGE MANAGEMENT:

Run what-if scenarios

Technology is a crucial pillar of digital transformation. But talk of technology makes employees apprehensive. Too often, enterprises fail to validate the very real worries their workers might face. One group seminar is not enough. Drill down and talk to each employee and show where and how they will fit in the new landscape.

Technology augments intelligence. It does not replace it. Until each team member sees that, the work of digital transformation will be half-baked at best.

Train new talent

It's not enough to assume the team you started out with on digital transformation will spearhead the process forever. Talent pools are constantly in flux. New recruits need training and context. Even invested ambassadors might get rusty after a while. Keeping people invested and incentivized is an ongoing commitment.

Nurture talent

Too often, companies fit the team member to the job rather than mold the job to the talent at hand.

Take an inventory of your talent. Are you really using the right talent for the right job? Playing to employees' strengths leads to a more productive and satisfied workforce, one that will accelerate digital transformation.

Recognize change agents

Change management is not just about people. It is also about looking at what is coming down the pike. Digitally mature organizations run what-if scenarios for disruptions like tariffs or black swan events. They have a playbook to scan the horizon for change and know how to react to it. Resilience is the point of the digital transformation game. Agility and preparedness are how enterprises can get there.

Successful digital transformations are 3.1 times more likely to **EMPLOY EFFECTIVE** change management than unsuccessful ones.

MISTAKE 3

You've misunderstood the true role of technology.

A shiny, new tech stack might be an attractive proposition, but investment in one is not the end goal of digital transformation. Too often, enterprises fail to realize that technology is merely a facilitator. Such points of view lead to processes that are tech-driven and not outcome-focused.

Here's how to avoid making this mistake:

Align solution to technology, not the other way around
It's easy to get carried away by the next shiny technology around the corner.
But it might not be a good fit for your organization. Again, goals matter. Digital transformation is not an "embrace all technology" approach. It's about embracing the right technologies at the right time and building on early gains.

Use modular technology platforms
Given that digital transformation is an ongoing process, you need a tech stack that can accommodate the next promising technology. Too often, enterprises think only about the near future when fulfilling tech needs. Ask whether the solutions recommended will play well with tomorrow's platforms.

Don't let silos adopt technology based only on their specific goals
Marketing and sales might like one software product. Team service members might like another. Together, will the data from each be readily accessible? Easy to be worked on?

Digital transformation is about end-to-end data transparency. That cannot happen with silos. It cannot happen if each team is speaking its own tech language.

Use data for clarity
Sometimes, enterprises collect all the data all the time without understanding the whys. The data lake is not a good place to be mired in. Ensuring a centralized and secure data platform enables you to process and act on the right data. Asking the whys of the digital transformation initiative will be key in deciding which data to measure and value.

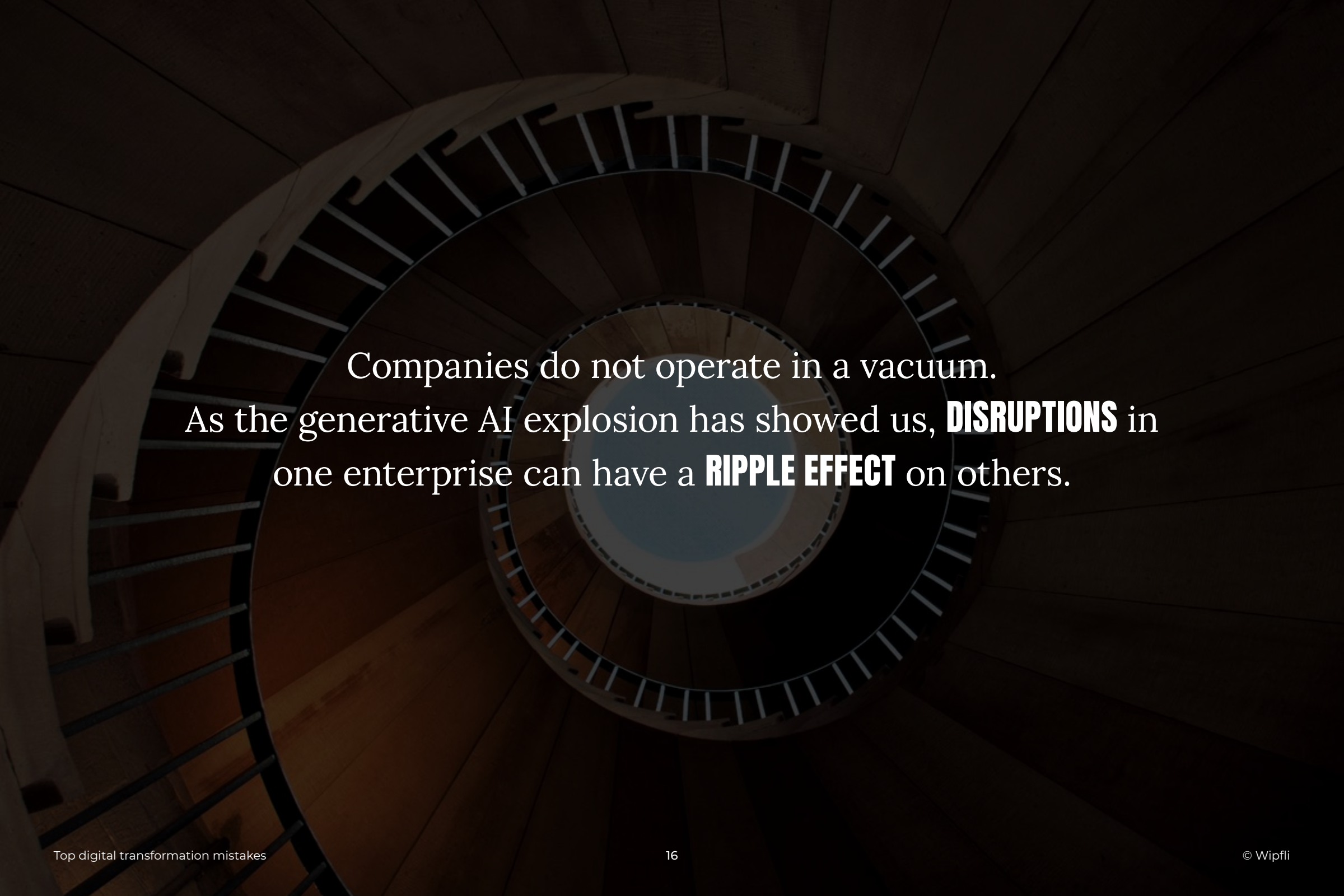Worldwide spending on technology and services that drive digital transformation has now exceeded

2.3
TRILLION

MISTAKE 4

You haven't explored the ecosystem.

Companies do not operate in a vacuum.
As the generative AI explosion has showed us, **DISRUPTIONS** in one enterprise can have a **RIPPLE EFFECT** on others.

HERE'S HOW TO NAVIGATE THAT POTENTIAL FOR DISRUPTION:

Partner with the right digital partners

Sometimes an external expert can evaluate the landscape better than the talent who are too close to the action. You might be missing valuable insights about your digital transformation growth by not leaning on the right digital partners at the right time. Partnering with an external firm can help large enterprises stay agile and feed on the best technology advances.

Identify points of friction in the ecosystem

Orchestrated processes do not begin and end at your company doors. Points of friction up and down the supply chain might affect your business. They might harm brand image. Don't miss the chance to truly dig into the ecosystem to find and root out all points of friction in your business — even ones external to your enterprise.

Focus on your strengths

How deep is your cybersecurity bench? Where are your key strengths? In today's complex business climate, needs evolve all the time. And skilled talent is not easy to find. Focusing on key competencies while outsourcing the rest is one way to keep digital transformation firmly on track. Too often companies make the mistake of reinventing the wheel from scratch. That's not always called for.

Share data across the ecosystem

Picture a manufacturing plant that depends on an external vendor for inventory. Instead of having to complete purchase orders for restocking, you could share data about stock and future production quotas to give the vendor key insights into what might be needed tomorrow. Push data-driven decisions up and down valuable partners. Enterprises are beginning to realize the value of pooled data and the efficiencies it can generate.
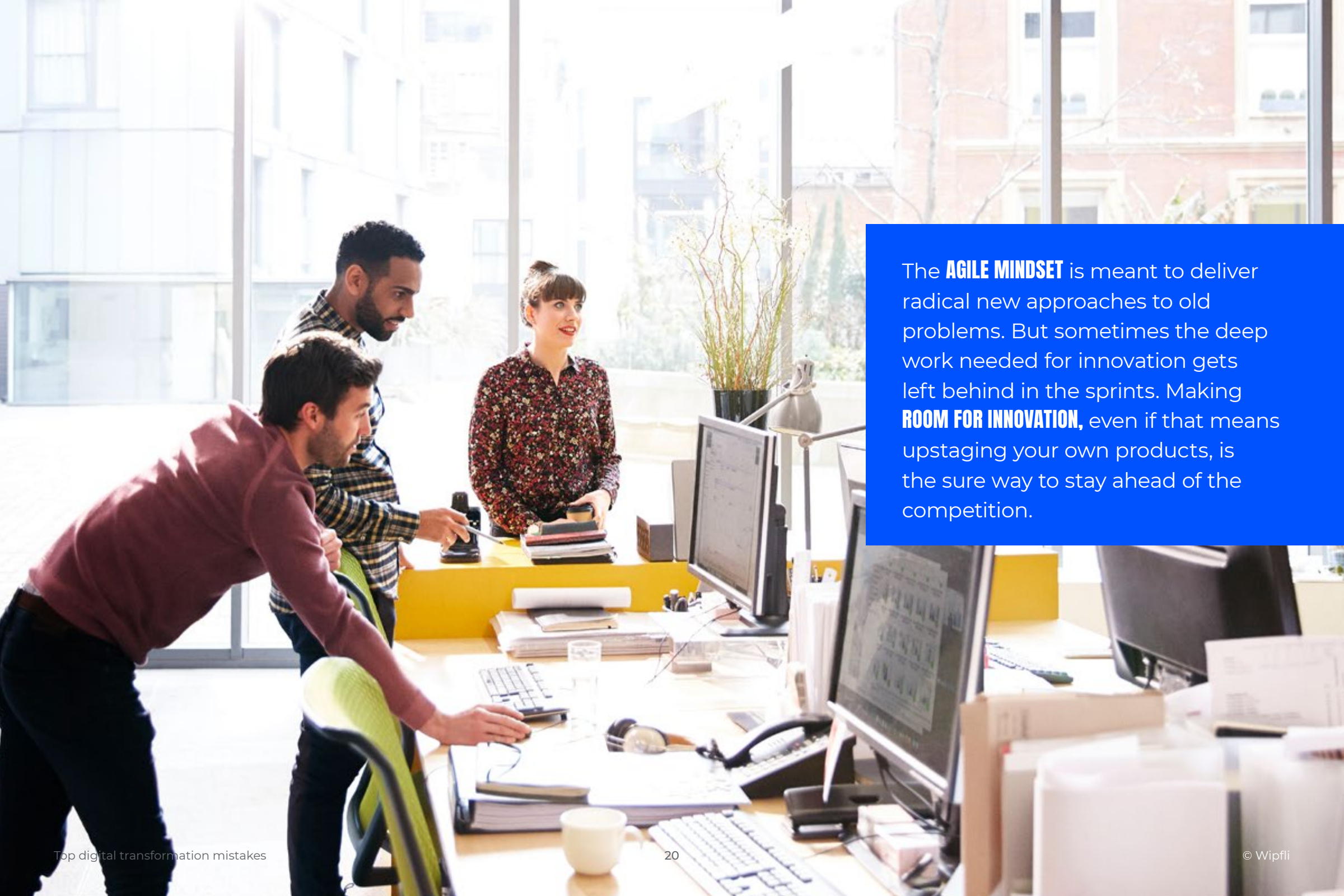
Only

30%

of organizations' technology vendors are active partners in their digital transformations — even though such partnerships greatly increase the odds of success.

MISTAKE 5

You're not leaving room for innovation.

The **AGILE MINDSET** is meant to deliver radical new approaches to old problems. But sometimes the deep work needed for innovation gets left behind in the sprints. Making **ROOM FOR INNOVATION,** even if that means upstaging your own products, is the sure way to stay ahead of the competition.

HERE'S HOW TO
MAKE IT HAPPEN:

Look for new monetization opportunities

When companies become really agile, they can reevaluate their value proposition. For example, a manufacturing company can move into a manufacturing-as-a-service model. It can welcome other businesses that might want to rent the plant floor and assets for a week or start selling direct to consumers. Just make sure you've strategically calculated your return on investment before you expand.

Adopt a customer-centric outlook

Are you keeping your end customer in mind? As companies move along the path to digital maturity, they might forget that their customers are, too. Keep a pulse on the evolving needs of the customer so your services continue to stay relevant.

Incorporate new technologies

It's crucial to keep an eye on all emerging technologies. You don't need to dive into every one, but if you find one that fits with your transformation goals, make room to be an early adopter.

Don't overlook frequent calibration

Digital transformation is not a one-and-done formula. It needs constant care and feeding to stay on track and to harvest the fruits of continued ingenuity. Assuming the work of digital transformation is over once you have achieved a select few KPIs is a mistake many make.

OVERCOME YOUR DIGITAL TRANSFORMATION CHALLENGES

A quick reboot might be all you need to keep your digital transformation a work in progress. Or you might benefit from **STRATEGICALLY RETHINKING** certain plans and priorities.

Wipfli can help. We bring deep experience helping organizations plan, execute and build on effective digital transformation. Visit **wipfli.com/services/digital** to learn more and get started.

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Top digital transformation mistakes