



TIPS TO BOOST YOUR DIGITAL TRANSFORMATION

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INDEX

INTRODUCTION	3
Digital innovation vs digital transformation	4
Enlist the enthusiasts	4
Keystone change	5
Reimagine the enterprise	5
ANDREA’S CASE STUDY	6
CONCLUSIONS	9
BIBLIOGRAPHY	10

INTRODUCTION

In the last few years, firms that adopted **innovative technology** and **smarter decisions**, such as optimizing the costs and improving the process, have seen much more growing success rates instead of laggards. Technology leaders and IT staff assume an important role in procuring competent vendors and training users.

Nowadays we can affirm that digital transformation is no longer about the distinction, but it has become a *conditio sinequa non*. [1]

Figure 1 shows that, until 2018, leaders' growth rate is **two times faster** than laggards, and until today the rate becomes **five times faster**¹.

However, the experience of the digital transformation of the top-performing organizations in the recent decade shows us that it is

no longer only a matter of technology, but *"leaders must inspire and empower their entire organization to boldly reimagine their work environment, customer needs, product offering, and even the purpose of the enterprise"*. [2]

For this reason, Satell, Kates and McLees[2] provide four important tips to be followed by leaders, in addition to technology decisions, to boost the results of digital transformation.

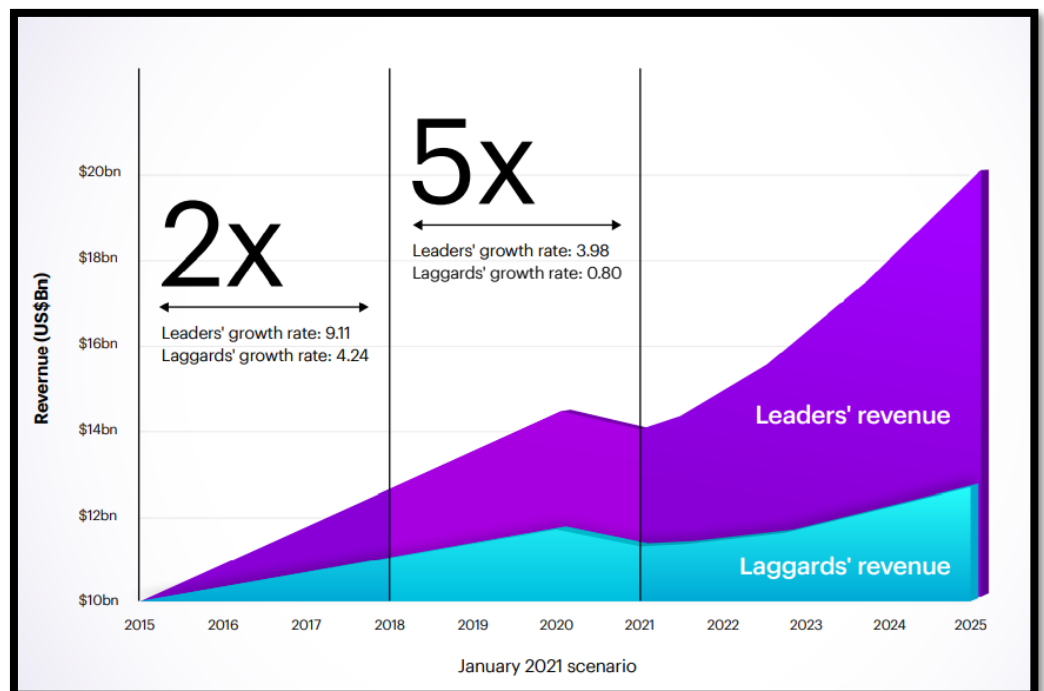


Figure 1 - leader's versus laggard's growth rate [1]

¹ The aim of the research was to compare the revenue of leaders and laggards before and after the epidemic "Covid-19".

Digital innovation vs digital transformation

“Leaders should identify the most important business goal and then improve technology too”

The principal component of digital innovation, which goes from e-commerce, social media, web mobile and streaming to robotic process automation, machine learning and cloud computing achieved an important role for leaders during the last decade.

However, digital transformation not only involves digital innovation but also identifies a series of **business goals** to achieve **better business outcomes** [2].

Enlist the enthusiasts

“Leaders should always identify and leverage people’s enthusiasm to work against inertia”

Semmelweis advocated for hand washing at the hospital but was not celebrated for it, **Coley** discovered cancer immunotherapy but was thought to be a quack. They had groundbreaking ideas that were thwarted because they found themselves in the minority versus most of the medical establishment. The main mistake made by Semmelweis and Coley was taking for granted that others would have seen value in their ideas, instead, they faced a highly resistant majority.

Satell affirms that the difference between good and bad changes often has nothing to do with the inherent value of that, but if it starts or not within the **majority**. Effective change management consists

in using **powerful communication** against devious opposition to attract the majority. An important experiment conducted by Solomon Asch in the 1950s shows that if we ask a group of people to match the line on the left with the line of the same length on the right, people tend to conform to the majority opinion even if it is wrong.

Finally, leaders who drive a meaningful change should work to **attract support** from the majority instead of moving

quickly and overpowering any resistance [3].

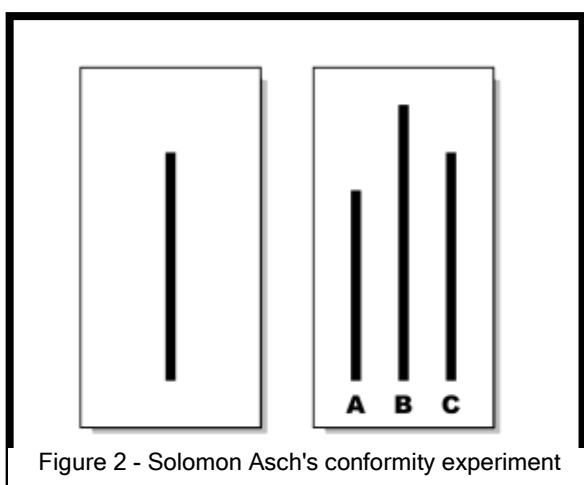


Figure 2 - Solomon Asch's conformity experiment

Keystone change

“Leaders should overcome the propensity of loss aversion and articulate the sense of change”

In 1929 the Indian National Congress issued the declaration of complete independence from British rules. During this period, **Gandhi** became an inspiration to all people for his Salt March which showed that the British could be defied by boiling the seawater to obtain the salt instead of paying the salt taxes. The first important requirement to drive an effective keystone change is to begin with a clear and **achievable goal**, however, this step may take some decades² or maybe part of the initial plan.

The second important tool involves a collective effort and **collaboration** improvement.

The third important step consists of breaking through higher thresholds of **resistance**: we all have different thresholds of resistance to a new idea and are influenced by people around us, so by focusing on people who have lower levels of resistance the idea can easily spread to others who are more reticent.

The keystone change paves the way for larger changes later on by attracting **early adopters** which will convince others that even more could be achieved and build a sense of shared purpose and provide a platform from which a movement for change can spread [4].

Reimagine the enterprise

“Technology is not an end, but a means to an end”

The goal of the digital transformation is usually a **full-scale reinvention** of how the organization creates, delivers, and captures value in the marketplace, and it should be in the service of the enterprise. The best way to use digital transformation is not to cut costs and create efficiencies but to ask completely **different questions**, in this way, leaders can solve complex problems and make meaningful impacts on customers, employees and communities [2]

² Some examples are the women's voting rights or the marriage equality for the LGBT movement. [4]

ANDREA'S CASE STUDY³

25,308

Million MXN - Retail Value RSP In
Apparel and Footwear 2021

4.7%

Market Share Of Apparel and
Footwear 2021

0.1

Percentage Point Change In
Market Share 2019-2021

-0.5%

Apparel and Footwear 3-Year CAGR
- Retail Value RSP 2019-2021

Figure 3 - Andrea's market statistics [5]

Andrea is a direct seller of footwear and personal accessories situated in Mexico. In 2021 it registers a retail selling price of 25,308 with a market share of 4.7%. Due to the Covid pandemic, in the last three years, it registers an increase of 0.1 points in market share and a decrease of 0.5% of the retail selling price.

Fábricas de Calzado Andrea SA de CV
Company Sales of Apparel and Footwear 2012-2021
Million MXN - Current - Retail Value RSP

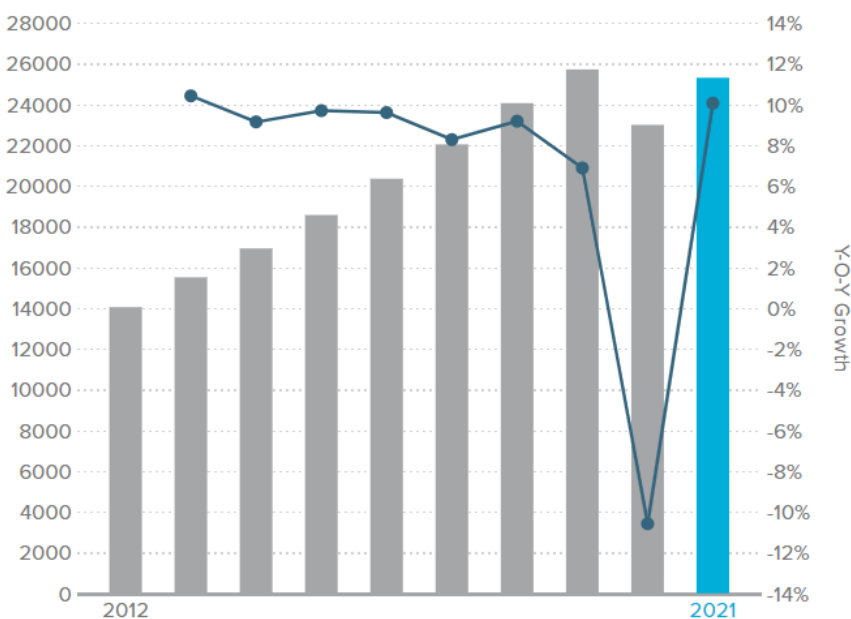


Figure 4 - Andrea's RSP [5]

As figure 4 shows, Andrea had a stable trend of Retail Selling Price until 2019, instead, 2020 was a very difficult period because of the COVID pandemic situation and the RSP decreases by about 20,000. Fortunately, the trend tends to increase during 2021 and returns to touch the peak.

³ Andrea

However, as we can see in figure 5, even if 2020 was a difficult year for the economy, Adrea has managed to stand out by maintaining a performance clearly above the average during the COVID pandemic. One of the reasons is the improvement of digitalization during the lockdown, one of the main digital instruments is the **Andrea Connect**

Fábricas de Calzado Andrea SA de CV
Company Performance vs Market
 % Growth 2012-2021

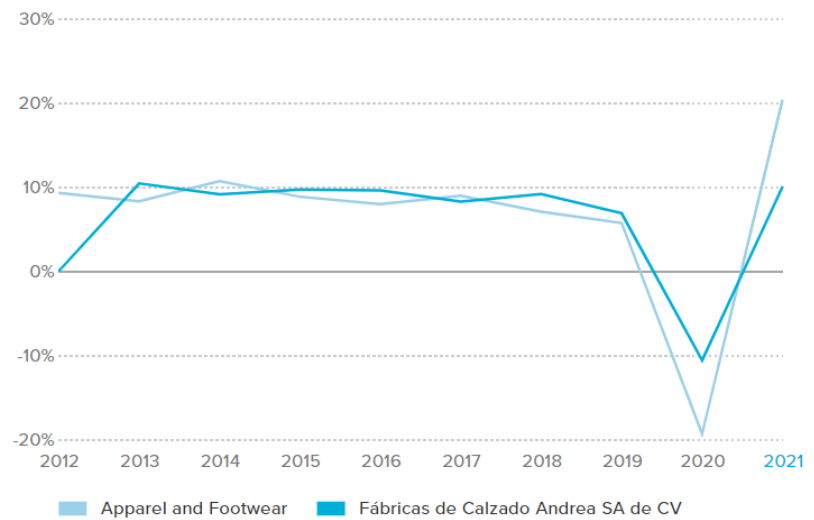


Figure 5 - % growth of company performance vs market

service: when a consumer registers with

the website to shop online, one of the required fields is to identify a sales representative, which will earn a 5-15% commission on the consumer's online purchases. In the case the consumer does not know a representative, the platform will display a list of the consumer's Facebook friends that are Andrea sales representatives or will assign one based on the consumer's location. In addition, the site, which is visually attractive and easy to use, allows a variety of alternative payment methods as well as paying at a convenience store for those who don't have or don't prefer a credit card.

According to that, Andrea Connect appears to be an attractive solution to the issue of how to promote internet retailing sales because it allows earning additional income without investing time delivering the product to the clients.

However, it's important to take into consideration that, even if the internet penetration reached 63% in 2016, only a few of that percentage are used to purchasing online.

One of Andrea's clients in the online apparel industry decided to leverage data analysis to reduce costs related to maintaining excess inventory in their warehouse while improving customer satisfaction and profit margins.

Another important decision, that lead the apparel client to completely change the thought about the product line design, regards the improvement of data systems. Instead of adapting to fashion trends, they decided to analyze the insights of the customers on the platform and proactively design new

clothing. This new business model became a competitive advantage and allowed the firm to be a leader in its category and increase its revenue.

CONCLUSIONS

Digital transformation and innovation management is a business strategy that has been adopted by companies only in recent years.

Nevertheless, nowadays we are perfectly able to say that digital innovation serves as a **backdrop** to digital transformation, which involves a series of decisions that go far beyond technology.

The four keys proposed in this paper are **interconnected** and also involve **emotions** and the **psyche**. Indeed, enlisting a good percentage of people who are **enthusiastic** about the change proposed by the leader is one of the four true starting points for successful business improvement.

In addition, the proposal of a set of small, **easy-to-achieve goals** increases the feeling of achievement of the goals, also increasing collaboration and the percentage of enthusiastic people and decreasing resistance to a new idea.

Sometimes, to reach higher heights we need to look beyond the tip of our nose and **reinvent our projects** to make them cutting edge, instead of dwelling on structured ideas.

Based on the analysis of the article used in this paper, I have drawn up my idea about how to make a difference in business decisions:

- First of all, set a series of objectives that are **not strictly related to technology** and that, if necessary, **propose a drastic change** in the entire company;
- Secondly, propose these objectives to a group of people who are not anchored to old ideas and who are **enthusiastic** about the change;
- Thirdly, propose **a series of small goals** to each person to increase the feeling of achievement.

Once this is done, we can bring in **digital innovation** and give space to technology, which is still one of the main players of this millennium.

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