TOOLS FOR THE DIGITAL TRANSFORMATION

1. Digital SWOT

Identify an industry to analyze (it can be your industry or any other industry, like automotive, accommodation, etc):

1.1. Strengths - In which of the strategic domains (customers, competition, data, innovation and value) is the industry moving quickly to adapt its strategy for the digital era?

1.2. Weaknesses - In which of the strategic domains (customers, competition, data, innovation and value) is the business having trouble adapting its strategic thinking for the digital era?

1.3. Opportunities -What new opportunities from digital technologies are now available to this industry that they didn't have before?

1.4. Threats - What disruptive threats do the incumbents (the businesses already in this industry) face from digital technologies?

2. Build a Funnel

Pick a high-involvement purchase that you made within the last year, so fairly recent. This could be something like a television, a new car, a holiday travel -- a trip that you were planning -- or maybe a new home that you're renting or purchasing.

Assess your own path to purchase in terms of, what touch points did you interact with in researching and making your decision?

2.1. What was your final decision? What brand or company or travel destination did you settle on?

2.2. Which touchpoints or interactions were most influential in making that decision?

2.3. Which touchpoints could have offered a better experience from the companies you considered?

2.4. Did you (or would you) advocate for the brand you ultimately chose? Give reasons to justify your response. For example, did you share or talk about it on any digital media platform? If so, how did you share your own experience and your decision with others in a way that might potentially influence them?

2.5. Map

3. Create a Platform Business Model Map

For this assignment, you're going to learn to draw a platform business model map. You will find detailed written instructions that will provide a step- by-step guide in the file:

- instructions_3-How_to_Draw_the_Platform_Business_Model_Map.pdf

4. Create a Competitive Value Train Analysis

For this assignment, you're going to learn to create a Competitive Value Train Analysis. You will find detailed written instructions that will provide a step-by-step guide in the file:

- instructions_4-Competitive_Value_Train_Analysis.pdf

5. Build a Data Value Generator

5.1. Does your business view data as a strategic asset? If so, how are you investing in growing its value over time? If not, what is holding you back?

5.2. Where is data held in your business? Are you integrating it across silos, or is it being left within different divisions? What are the challenges of data integration?

5.3. How are you applying the data you have? For example, as a predictive layer in decisions? Or for the innovation of new product & services? (e.g. British Air or TWC)

5.4. How do business processes need change in your firm, if you want to take the best advantage of your data? Whose job will be different, and how? (e.g. Coke ads)

6. The Experimentation Canvas

For this assignment, you're going to learn to create a Lean Enterprise Experiment Canvas. You will find the canvas template in the file:

- 6-Lean_Enterprise_Experiment_Canvas.pdf

Instructions:

6.1. Define most important metric and draw a line in the sand

- Your most important metric is the one that allows you to track how changes in your products and services impact your business goals.
- For a start-up this means finding product-market fit, and a sustainable business model.

- For a large company, the most important metric differs between departments. Customer service might focus on customer retention, where the IT department steers on number of roadmap items delivered. What is the one metric that helps your department contribute to the overarching goal of the company?
- Three criteria help choose the one metric that matters: the business you are in, the growth stage of a company and the audience.
- Once you have decided the metric to focus on, it is important to define the current value of the metric before you start experimenting (=set the baseline). If you don't know what the current value it is, go find out. If you can't find out, develop the instrumentation to do so.
- With the metric and its baseline in mind, you need to set a target value for this metric in order to manage expectations across the team—in other words, you draw a line in the sand for everyone to see.
- Make sure the target is ambitious, edging on the uncomfortable. Better set high goals and not fully reach them than to aim low. This does not mean that small achievements (e.g. completed an iteration) shouldn't be celebrated.
- Celebrate quick wins to boost team morale, but never lose sight of the work that's still ahead.
- If the goal proves impossible: remember that the line is set in sand—not stone. If achieving it proves too easy or too hard, you can change it in a later stage.
- Additionally, we suggest you define a control variable to keep track of. This is advisable as experimentation comes with a certain level of risk. This way we ensure we are not improving one KPI at the cost of business as usual. For example: removing a complaint form will bring complaints down to zero, but it surely won't improve customer satisfaction.

6.2. Identify and prioritize issues from your customer's perspective

- Once you start analyzing your product or service, you will often identify different problems. This number grows exponentially with the added complexity of having multiple business units, product, market segments and customers. Therefore it is important to keep in mind that not every problem is equally important.
- A problem is phrased from customer's perspective, not only forcing the team to clarify exactly the problem at hand, but also making it easier to share with other departments.
- Before a singular observation is deemed an actual systemic problem, it should first be supported by patterns in data, customer feedback or additional anecdotal evidence. When support is found, it can be identified as a (validated) problem.
- As to not waste scarce (development) time, efforts should be directed at problems with both high potential and high importance. High potential means that there is a lot that can still me improved; high importance means that the problem has a large business impact. Prioritising problems this way has a beneficial side effect: because you are able to show how important a certain problem is, it is much easier to obtain buy-in from stakeholders.

6.3. Define possible solutions

- Defining the solutions should be done in cross-functional teams. All employees are able to provide valuable insights against the backdrop of why a certain problem exists and how it might be solved.
- The CEO has a strategic high-level overview, the customer service representative understands the most important complaints, and a developer might know how to solve a problem from a technical point of view.
- Including more than one function in defining the solution, limits the chance that the genius to your local problem has a negative impact on the business as a whole.
- It is important to keep in mind that solutions can be of a more incremental or more radical nature.
- The low-risk incremental experiments often receive more support from the organization and its leadership. This is a common trap: by experimenting with incremental solutions, you can only climb towards a local optimum.
- To also allow identification of the radically more effective solutions, experiments for solutions should be a mix of iterative improvements and larger leaps.
- The iterative improvements help you climb to the top of the mountain that you are on, and the leaps ensure you find the highest mountains.

6.4. Decide on the test method which allows for maximum learning with minimal amount of resources

- A significant part of waste prevention lies in the determination of the minimal effort needed to validate a solution. For start-ups this is often relatively easy; they can move fast and break stuff.
- In contrast, large enterprises need to be more careful as there is more at stake (e.g. their reputation). When building an MVP as a test method, keep in mind that the minimal version of a feature should actually solve the original problem.
- In addition, the test is only useful if it enables you to act on the results.
- Relevant options for minimum viable features for start-ups, could also be useful in the enterprise. In some cases, more creativity and care is required.

6.5. Define success before actually running the test

- There is a strong cognitive bias to look for positive results in a test.
- Make sure to define success criteria upfront in order to prevent yourself from being overly optimistic after the test.
- Try to phrase your success criterion as: “During the test, I expect strong signal from at least X% of visitors/customers”.

6.6. Get out of the building

- As indicated before, experimentation in start-ups and enterprises serves two different purposes.
- Start-ups are looking for a sustainable business model, and experiment to find product-market fit.

- Enterprises already have a customer base and execute a repeatable and scalable business model.
- For an enterprise, the goal of getting out of the building changes towards finding out what provides the most additional value to your existing customers. Methods to do so in enterprises include Customer interviews:
    - Analytics
    - NPS surveys
    - Focus groups
    - Usability research

6.7. Analyze the results and check if you moved the needle

- This is a critical step in the process. After you have run the test it is time to see if you actually moved the needle. Based on the test results you have three options:
    - Pivot, try to solve a different problem
    - Persevere, go to the next column and try again
    - Declare a success and implement full solution
- It would be great if all tests are an amazing success, but in reality tests will be invalidated. This is not a bad thing at all.
- At the very least you prevented a lot of time wasted fully implementing a solution without validating it first.
- If a solution is invalidated we can choose to focus on a different problem (pivot/give up), or we can think of a different solution. Because we defined the problem as both important and with high potential, you probably want to do the latter.
- If a test is successful it is time to scale up and create a lasting solution involving a larger team and tighter integration with the existing business.

<u>8. Create a Disruptive Business Model Map</u>

8.1. Pick an industry:

8.2. Identify an unmet consumer need, a “pain point” – something you would benefit from if it were different:

8.3. Think of a new business offering that would meet this consumer need

8.4. What is your challenger business? Describe the idea that you came up with – the need you were going to solve and what your new offering/business is.

8.5. Who is the incumbent? Which business or industry might be challenged or hurt or disrupted by this new company?

8.6. Who is your target customer? Who is that customer that is currently being served by the incumbent and will also be served by the new challenger you have come up with?

8.7. What is your value proposition of your new business idea? Think of the different "generatives" – is it something that is creating more choice through aggregation or more an on-demand experience? What is different or compelling or interesting about the value proposition of this new offering?

8.8. How does that displace the value of the incumbent? How much of a challenge to the real value of the incumbent does this value proposition offer? How big is that differential? Is it a "nice thing to have" or is something that is dramatically better – something that, once offered to you, you wouldn't want to work with the traditional business.

8.9. The value network – Think of the different components – the people, assets, partners, that are going to allow this new startup business to deliver the new offering to the market. What different pieces will you need to put together in order to get this startup off the ground?

8.9. Which of these are different from the incumbent? Can the incumbent match them? Does anything in the value network provide a barrier to them imitating?

8.10. Two part test: Is your idea genuinely disruptive? In order to be genuinely disruptive, it would need two things: It would have to dramatically displace the value of the incumbent – be much better, at least in the eyes of some of its customers; It would have to pose a genuine barrier that will prevent the incumbent from simply imitating the business themselves.