SMB Case: Rock Solid Industrial Parts, Inc.

April 2, 2021

Executive Summary

Outdated and obsolete technology, if not facilitated in due years, may result in higher cost and risk of the company going under if delayed. Failure to incorporate technology in the next decade will put Rock Solid Industrial Parts at a competitive disadvantage compared to companies such as leading industrial supply company, W.W. Grainger who have already entered the digital marketplace in 1996 and eCommerce market in 2016. It is important to incorporate necessary technologies as newer technology, hardware and software, are being developed. However, latest and newer technology may not always be necessary. Integration of appropriate technology into the business process will allow for scalable growth within the company. Automation of operations will allow for greater efficiency and bring more value through existing processes which will in turn drive profitable revenue growth within the next three to ten years.

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Introduction

San Jose, California based industrial parts distributor, Rock Solid Industrial Parts, Inc. (RSIP), is looking to expand and implement a 3-year strategic plan to establish locations in southern California and the mountain states. Currently, sales revenue is $33 million per year and is estimated to more than double to $72 million in the next three years. The 36 employees the company has is expected to increase to more than 70 employees to support the three year growth. The strategic growth plan for the future of RSIP will be to undergo a change in business processes along with digital transformation. The positive outlook of embracing digital transformation envisions the company's expected profitable growth to increase, where more digitally mature companies are associated with better financial performance.[1]

To assure a successful digital transformation "critical pieces such as changing the culture of IT and connecting transformation to a meaningful vision for the company are needed."[2] Proper procedures must be practiced and enforced. Key procedures include: Identifying organizational change and developing a strategic plan to monitor and uphold the organizational change management plan. Develop a plan to define current business processes and a plan to determine what changes will be implemented to ensure proper and successful integration of digital software, hardware and IT infrastructure. RSIP will be Examining how the people side of the company will be affected and applying human capital management strategies. Most importantly how all changes will affect the culture of RSIP, by defining the current state of company culture, the future goal, core values and defining how it all aligns with each other.

Business Needs

Organizational Change Management (OCM)

Organizational change management is one of the biggest deciding factors in successful digital transformation projects and is essential in determining whether a company will be the 20 percent that succeed or the 80 percent that fail. Taking necessary steps to guarantee proper OCM will allow for a smooth transition from the current state of RSIP to the future of the business. The following presents important points to ensure successful change management procedures for any organization about to implement digital technology transformations, but more specifically for RSIP.

It is important to first understand the current state of RSIP by conducting a readiness assessment test. This will provide a quantitative tool that can better gauge the current state of the company; a readiness assessment allows insight into where the root causes of change will be most prevalent. It will provide an understanding of which departments specifically in the company will be most resistant to change. Led by the HR and IT teams, a recommended approach to employ this assessment can be done by providing all employees with an online survey asking questions about

how employees feel towards potential changes or shifts in position roles, responsibilities and general feelings towards the introduction of digital technologies. An alternative assessment would be to introduce physical surveys. To pair with a readiness assessment survey, introducing focus groups will provide a qualitative insight in the current state of RSIP. The goal of focus groups would be to gain real reactions towards the idea of potential changes or shifts in roles and responsibilities within the company. It will bring forth any disagreement or conflict along with the idea of digital change, provide any information or perspectives that may not have been considered or accounted for, and it will allow for adjustments for the next step in the organizational change process.[3] The HR and IT team will lead a series of focus groups in each department, finance/accounting, marketing/sales, operations/admin and executives, where they will be presented the idea of digital change, the introduction of digital technologies and potential changes in roles and responsibilities.
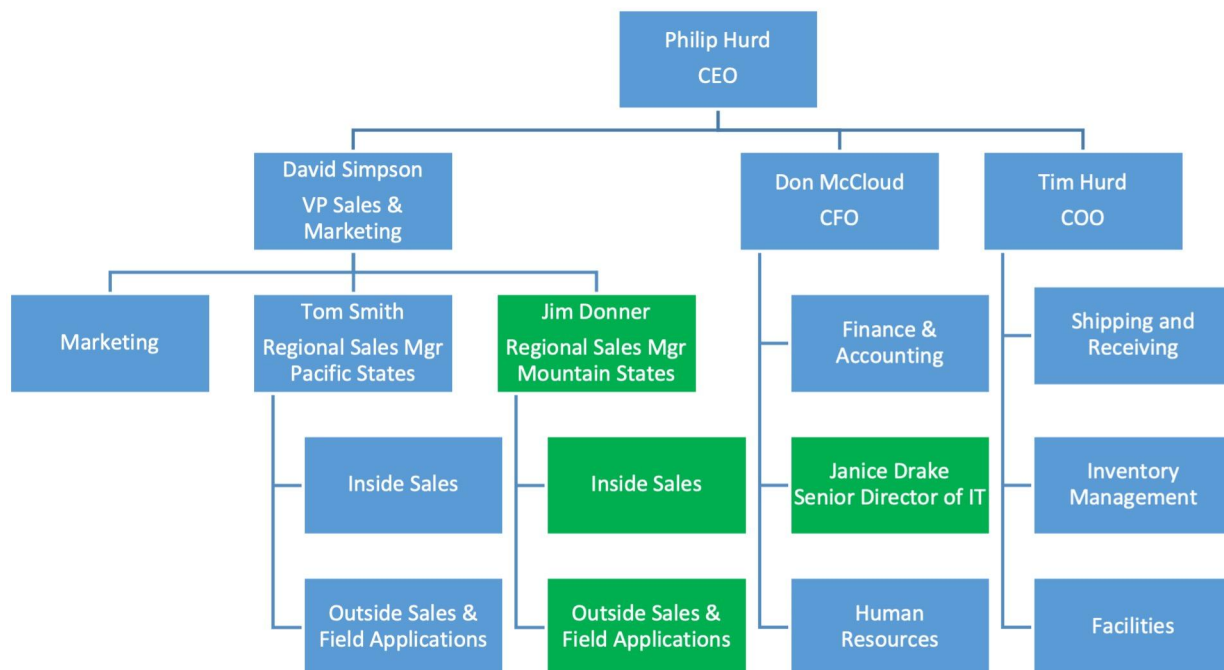

Considering a change impact assessment goes hand-in-hand with the readiness assessments. A further analysis of shifting roles and responsibilities is needed of how affected each department and teams will be once digital changes were to begin and what processes will shift with implementation of automation. For example, how warehouse operation roles will change, the introduction of a warehouse floor lead, responsible for managing operations on the floor, will have the best knowledge of inventory management software (IMS) and hardware. Importantly, recognizing digital change and introducing automation processes will grow the company moving forward and drive profitable revenue growth in the next 3 to 5 years.

Next is to align the company, as successful organizational change involves properly managing the "people side"[4], making sure there is executive alignment. On top of that aligning everyone within the company. Everyone must understand and acknowledge where sources of resistance will occur, how the obstacles of resistance will be overcome and that business processes will change along with a digital transformation implementation. An alignment with future goals of the company is also necessary. "For an organization to successfully pursue and implement change, it must be prepared both logistically and culturally. Before delving into logistics, cultural preparation must first take place."[5] All employees of RSIP must both acknowledge the company's current culture, strategic growth plan, short term and long term goals of expansion, digital integration, and organizational change to achieve growth.

Creating a change team of leaders within RSIP is necessary to enforce and monitor progress. The overseer and highest manager of all change happening within the company will be led by the CEO and IT team. The VP of Sales & Marketing and sales managers will overlook and monitor processes and change within the marketing, sales in the pacific states and sales in the mountain states; reporting goes directly towards CEO and IT team. Regional sales managers within their respective region will manage change within inside and field sales in their department; reporting to VP of Sales & Marketing. COO, floor leads in each department and the human resource department will be managing change in all departments of operations including shipping, inventory and facility departments; reporting to CEO and IT team. CFO and two team leads in both finance will manage change within the finance and accounting departments. Although roles are assigned, everyone within the company must be able to manage change and all RSIP employees should share the responsibility of managing change. As should be acknowledged and embedded in the RSIP's core values at this point in the digital transformation process.

Structure

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                          Philip Hurd
                             CEO

      David Simpson                  Don McCloud        Tim Hurd
      VP Sales &                        CFO               COO
      Marketing

  Marketing    Tom Smith      Jim Donner      Finance &      Shipping and
               Regional       Regional        Accounting     Receiving
               Sales Mgr      Sales Mgr
               Pacific        Mountain
               States         States

               Inside Sales   Inside Sales    Janice Drake    Inventory
                                              Senior Director Management
                                              of IT

               Outside Sales  Outside Sales   Human           Facilities
               & Field        & Field         Resources
               Applications   Applications
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	Current Staffing	3 Year Expansion Plan	
	Headquarters Office	Southern California	Mountain States

	San Jose	LA or San Diego	Denver
C- Level Executives	4	0	0
Operations	5	0	0
Finance & Accounting	4	1 (Doubles as Office Manager)	1 (Doubles as Office Manager)
HR	1	0	0
Marketing	1	0	0
Admin	3	0	0
Sales	Field Sales 10 + 1 RSM Inside Sales 4 Apps Engineers 2	Field Sales 10 Inside Sales 4 Apps Engineers 2	Field Sales 10 + 1 RSM Inside Sales 4 Apps Engineers 2
IT	1 Technician (addition of 1 senior manager and 2 staff planned)	0	0

Business Process Management (BPM)

Business process management is also an important aspect of digital transformations. Rather than focusing on what software or hardware to implement, thinking first about the business side and understanding current business processes at RSIP will help to optimize the implementation of digital technologies when introduced as well as lead towards the direction of the 20 percent of successful transformations. "Digital tools provide value, but there's a gap between what businesses can achieve and the potential of certain tools."[6] Technology is only a tool, without a plan to implement or an effective strategic growth plan the project will be a failure. The purpose of changing and redefining business processes is to connect all parts of the company together, and to encourage a more centralized business; where "the most benefit is derived from one common BPM system supporting the whole organization"[7] which is a building block that will lead to growth for RSIP and help drive profitable revenue growth in the future.

Reengineering roles and processes can bring realization to where improvements and changes should be made. "Companies need a plan that not only outlines which technologies need to be adopted but also protection from digital disruption. That's why understanding your core systems and processes to identify opportunities is critical before harnessing the potential of digital transformation."[8] To do so, it is essential to know the current state of business processes at RSIP and learn how it can be improved, through determining what works and what does not work as part of current outlook of business processes. By looking at current and future state business processes, a decision can be made of what is needed to improve current processes and what change or redefinition is needed to reach the future state. For proper business process management it is important to map out clear future state processes from the start. Initially defining the future state of RSIP allows people to understand their position in the company and will drive motivation and performance throughout the transformation. It is also important to uphold the idea that business processes drive the software rather than letting software control how processes are done. During the integration phase and only after those processes are thoroughly defined can software be decided to best fit the company's culture and business processes.

When developing new business processes the ability to leverage industry best practices by looking to see how it can be integrated can be advantageous. When following RSIP people and culture, it must be noted that establishing a ground where employees understand the actual changes in their role and can recognize how the old way of things is no longer going to be applied, they will need to be constantly aware of new business processes until it becomes second nature. This will promote change and minimize any deviation to reverting back to old ways. Digital transformations are not solely based on technology, it is critical to focus on the people side of the business and guarantee smooth transitions for all of RSIP.

Human Capital Management (HCM)

It is beneficial to view digital transformations as business transformations and part of that is managing the people within the business. For RSIP during critical process changes many employees, from sales to warehouse, will undergo change. How much change is according to respective departments. For all however, the introduction of digital technology will be inevitable. Addressing how to embrace digital change from the start will be widely beneficial for the integration of all digital technologies.
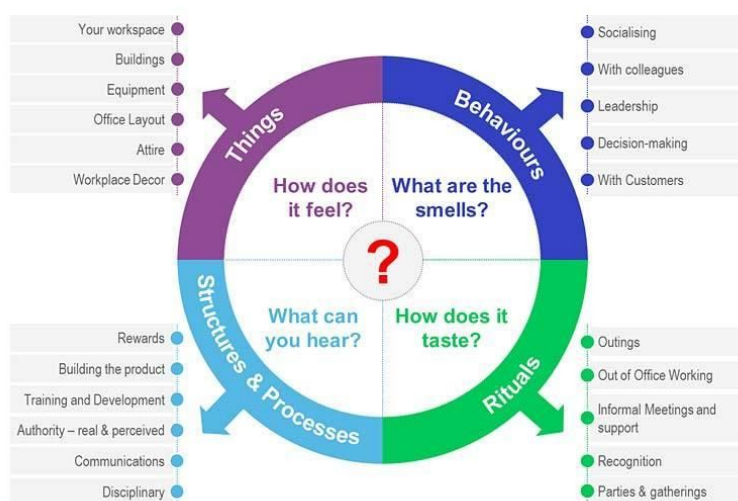
HCM is recognizing change within the company will be difficult, it is important to keep in mind the effect a large change such as a digital transformation can affect every level of employees from sales, warehouse to office departments and even executives. Insights gathered from the readiness assessment tests determine which department in RSIP will be most resistant to change. Using those insights one can determine which employees are not willing to give up current

business processes and which are more accepting of change. HCM is important to ensure smooth transitions from current business processes to future state processes. By tailoring and individualizing the transitioning experience for groups of employees, utilizing the prior assessment data, one can capture the true motives and thought process of employees at RSIP. Doing so will help to understand the culture of people in the company and make the transformation process more collaborative rather than authoritative. It must also be recognized that employees develop a fear of being replaced if there is no understanding of why and how business processes are changing. This fear of being replaced encourages the most resistance ensuring job security will deter such fears, and proper education of future state technologies and processes will lessen the resistance gap. Prioritizing the information learned about the people from the assessment tests also brings light to what problems RSIP's employees will face in regards to resistance. It is also useful to gain insights on how to customize training methods. When training, "tailor materials to fit your business processes, and help employees understand how the new system affects their unique role by customizing training based on the most relevant functionality to that role."[9] Empower individual employees to take charge by learning individual's expertise. Utilizing those strengths and preferences from previous roles to connect to processes in digital technology encouraging change.

Culture (People)

Culture of a company is the greatest factor when dealing with organizational change like a digital transformation. According to Norm Sabapathy, executive vice president of people at Cadillac Fairview Corp., "the notion of 'culture,' loosely defined as the beliefs and behaviors that govern how people act in an organization, emerged in the 1980s and is now believed to be a major determinant of a company's success or failure."[10] RSIP business model and core values encourage growth, that will be a strength when implementing digital change. The introduction will modify such business models to maximize efficiency, profit potential and growth for the company. The current culture at RSIP is very independent and siloed from each other. The future would integrate digital efficacy and centralization amongst all sectors of the company while still maintaining current core values. Current culture state regarding technology is little to no

What is Culture?

Things — How does it feel?
- Your workspace
- Buildings
- Equipment
- Office Layout
- Attire
- Workplace Decor

Behaviours — What are the smells?
- Socialising
- With colleagues
- Leadership
- Decision-making
- With Customers

Structures & Processes — What can you hear?
- Rewards
- Building the product
- Training and Development
- Authority – real & perceived
- Communications
- Disciplinary

Rituals — How does it taste?
- Outings
- Out of Office Working
- Informal Meetings and support
- Recognition
- Parties & gatherings

experience utilizing common industry software or hardware as well as a rudimentary online presence. However is very customer eccentric and many employees are experienced working at RSIP with more than 25 years of experience. "Culture, in particular, should not be underrated in its contribution to the operating model. Top-performing sales and marketing organisations actively built a customer-focused culture and managed to create smarter, confident, capable, and organised individuals. The executives contribute to the business by being more agile through faster decision making. They enable their teams through quality tools and well-defined processes that support delivering growth."[11] In addition to maintaining company core values and growth culture, RSIP must support change and growth within the company's culture and practices to discourage retrogressing. A solution would be to embrace Silicon Valley start-up culture[12] within the company's values. Implementing the three core values, creating, prototyping and agility into business processes and everyday tasks exposes people to constant and consistent change. This can be integrated into the company's culture as the people get more familiar with it.

Informate

A subset of organizational change management, informating is the idea of consciously exposing people in the company to information about the business, such as what is going on, what will change and what the future goals of the company are. In this case for a digital transformation, consistent information must be communicated about changes in business processes, technology and culture. In further detail, consider informating about specific role and responsibility changes within. Informating employees from C-level executives to warehouse employees of future changes is necessary for successful informating and a similar idea to company alignment. Relaying information amongst employees about all business processes is crucial in the success of implementing digital automation. It is necessary for each level of the company to recognize the goals of automation, the reason why it is imperative and be willing to participate. To strengthen business operations, concentrate on new skills for employees to develop while introducing new software and hardware. Proper informating procedures will be the start to bringing significant change and growth to the company.

Areas to Consider

Processes

Finance & Accounting

Current operations in the finance and accounting department utilize outdated deployments of Microsoft Excel, Quicken and Quickbooks for accounting and financial bookkeeping. Outdated desktop computers will be obsolete in the near future, the value of the hardware will go down exponentially. Paper forms will eventually lead to lost financials and inaccurate accounting data in the scalable future. Much of current business processes can be transferable, with

implementation of upgraded software accounting and financing processes can be automated and made easier. The opportunity cost however, would be the training involved. As not entirely the same as current processes employees will have to learn about functions of new software. A system integrator will be involved in training and with aid from information gathered during change management practices, effective implementation will be tailored to RSIP's employees specifically easing transition from old to new business processes.

The implementation of cloud based accounting software will be beneficial for this department bringing increased efficiency as manual and repetitive tasks are not concentrated on, time spent dealing with those tasks will be decreased offering time spent to be focused elsewhere, and quality of life will be increased as employees have more time to focus on different, more meaningful tasks which can in turn increase productivity as efforts will be more valued compared to repetitive tasks. "Cloud systems have strong reporting tools that can generate graphs, variance reports, key metrics and many more financial snapshots to form a financial dashboard for [RSIP]."[13] Increases in these metrics can lead to overall company profitable growth where more skills can be introduced and grown upon. There will be an introduction of new hardware complementing new software implementations. The positive prospect of such implementations, is it will increase productivity as quicker and more simplified processes can be focused on. However with new technology the feelings employees will have will require a small learning curve to become accustomed to new hardware. If however, employees have a more difficult time than expected to utilize new hardware the IT team will support the transition phase using OCM procedures. Changes in the finance and accounting department will include greater efficiency of accounting processes with Microsoft Excel and automation of bookkeeping of financial records with new installations of cloud-based accounting software rather than Quicken. Following the implementation of cloud based computing, processes will be similar in that employees will still record and maintain financial data, however with new tools being introduced small modifications of current processes will need to be made and the software integrator will need to adapt to integrate software tools to follow these accounting and financial processes.

Sales & Marketing
Sales and marketing operations operate together. Current operations in field sales focus on a more local level where customer data is reported using a paper form or Excel copy and emailed. Most salespeople are on the road for most of the week however meet together once a week discussing issues, resolutions, sales forecasting or training. Main tools in meetings include white boards and PowerPoint projectors. The future obstacle with this business process is when RSIP plans to expand to other parts of the country it will be difficult to include those salespeople and offices. The introduction of reengineered business processes amongst salespeople are necessary, especially if expansion is a goal. The use of paper forms and emailing has been deemed unreliable. Using this business process leads to inaccuracy and lost accounts. It will be necessary to adopt digital technologies to increase reliability, efficiency and productivity. In addition,

adopting digital technologies into business processes will allow RSIP to compete in the industry and grow its customer base in the near future following the company's growth plan.

Operations in sales and marketing need an implementation of CRM software. Ideally it will lead to greater efficiency and less error rates compared to paper forms and online emailing. "CRM software and CRM implementation strategies are essential for consistently cultivating customer relationships. These tools and strategies monitor individual engagements, identify and exploit the outreach that works best, and automate CRM communications to boost efficiency and accuracy."[14] Maintaining current business methods will not be compatible with a growing company especially in a growing digital industry climate as of now. Business processes will need to be redefined in order to maintain RSIP's position in the industry and to grow. For one, customer data will not be recorded into paper forms any longer; instead the adoption of a CRM software will allow for better organization and centralization. In addition CRM will introduce new analytical features, allow for better customer relationships and have the ability to grow to scale for an increasing customer base. Ease of access to customer sales data in the CRM software allows for transparency for sales, marketing, managers

and even customers. Insights within sales data will allow for efficient performance metrics to be calculated. It is also helpful for managing and maintaining current customers with room to build more. "A CRM tool can help you streamline your sales process, build a sales pipeline, automate key tasks and analyze all of your sales data in one centralized place, potentially increasing sales and productivity."[15] It also brings value towards customer relationships and allows for ease of communication and scheduling. A system integrator will be introduced to help integrate CRM software into RSIP's business processes. Based on assessment results a select few will be taken out of field sales for training of CRM softwares and will become a liaison for RSIP's sales and marketing department until fully integrated. This will allow for a more in depth integration as employee's of RSIP will know the individuals better, know the future state goals of the company allowing for proper and ideal integration.

As for inside operations, an adoption for video conferencing and more digital tools is essential for successful and clear communication amongst, sales, marketing, and field sales offices. With plans to expand to two different locations across the country current meeting processes will not

work. A solution for this dilemma would be to incorporate video conferencing calls into the meeting process. Along with video conferencing software is the ability to save and record; this allows for more flexibility and records to bring up from the past. This would be beneficial to assemble all salespeople in all regions and with it, the advantage for salespeople on the road and other regions have to be able to connect and collaborate with different offices. Part of the business process however is integrating collaboration into the company's culture. By encouraging collaboration it will in turn bring more value out of video conferencing. With that culture shift that RSIP is embracing, the Silicon Valley start-up culture, it encourages collaboration as a core value. Bringing it into RSIP will boost productivity and allow for smoother integration of video conferencing software. Using assessment data the IT team will transition the sales and marketing department to integrate this software into meetings.

As for hardware, the IT team will be introducing laptops and smartphones for all salespeople. This allows for more flexibility amongst salespeople as these devices are portable. For convenient access to sales data, and provide a tool for communication between other regions or departments. In addition, smartphones and laptops will allow for exposure to technology. During the training phase those who excel to utilize new technologies will be recognized as experts and with the help of the IT team integrate software and hardware solutions to the rest of the sales team. In the end, reengineering these business processes will help the company to scale and expand, and drive customer sales which will bring profitable revenue growth for the future of RSIP.

Warehouse

Warehouse operations use RFID barcode scanners to monitor and track inventory, inventory reports are entered into Excel spreadsheets and emailed. This would not be an ideal inventory process to support 100K SKU inventory and will become an obsolete method. If the company were to increase sales, and customer base this process would not be able to keep up. Human errors will have a greater effect in this department than the rest. Not only will errors in warehouse operations be more costly it will have a domino effect relaying the errors onto both finance and sales departments. Inaccurate inventory data will lead to potential overstocks or stockouts and will lead to poor customer experience in the end. Implementing warehouse inventory management software (IMS) will ease operation experience for employees as well as customers and it will bring automation to tedious tasks such as scanning all inventory. It will improve accuracy and reduce the number of procedures necessary such as eliminating emailed forms.

An implementation of an IMS will be in place for all warehouse operations. The benefit to implementing an IMS into operations is it provides "a better understanding of both availability and demand leads to higher inventory turnover, which leads to greater profits."[16] For RSIP warehouse operation roles will change; the introduction of a warehouse floor lead, responsible

for managing operations on the floor will have the best knowledge of inventory management software and hardware. That individual will be trained by the IT team to best learn new business processes and technology experience. All warehouse employees will learn to use new software and hardware eventually and will use the top down training method after initial integration.

Hardware necessary would be a smartphone equipped with Zebra inventory management software and scanner. Not only would it provide a RFID barcode scanner attached, being a smartphone computer device, it will allow for connection to inventory databases providing real-time updates for all inventory in stock. It will allow for easier, more efficient uploading and modifications to pre-existing data. Being integrated into accounting and CRM software the IMS will allow for different departments to have access to information quickly as well.

Human Resources (HR)

Business processes in the human resources department is completely paper based, the only exception would be payroll is outsourced to ADP. The introduction of HCM software will provide more tools to automate HR processes allowing for better management of employees and will provide a great foundation to grow upon with a 3 year expected increase of employees. HCM software will provide integrated payroll along with employee managing, recruiting and optimization. Integration of HCM softwares will improve employee quality of life, efficiency and retention especially for future candidates. Implementation will also allow centralization of all departments allowing HR to fully manage and monitor all departments simultaneously. HCM software integration will maximize employee business value, this will help lead growth for the company in the future. Hardware necessary will be laptops and smartphones for the HR department to utilize HCM softwares. The IT team will help integrate and transition HR business processes.

Technology Needs

Software

The list of necessary softwares would include CRM, video conferencing, accounting, inventory management, as well as VPN security software. Keep in mind that software choices are subject to change depending on the company's assessment. Integration of Software as a Service (SaaS) Zoho will be implemented across all departments, allowing for further centralization. The advantage of Zoho applications is that it is an inexpensive option providing a centralized application base. Instead of implementing softwares like Salesforce, Quickbooks and Workday which are solely a CRM or another software, Zoho provides applications for accounting, sales, warehouse (IMS), and HR. However unprovided softwares would include video conferencing and office software. For video conferencing Zoom has the ability to integrate into the Zoho platform, and updated Microsoft Office solutions through Microsoft Office 365, which also includes cloud-based data storage. CatalystConnect, official Zoho partnered consultant, will

partner with RSIP's IT team for Zoho software integration. VPN software recommended would be provided by NordVPN service.

Hardware

To be able to utilize all software and gain maximum value, hardware is essential. The different types of hardware is determined depending on what task and tool each department employee does. Standardized amongst RSIP employees would be to issue laptops to selected office employees, which includes: executives, administrators, sales, marketing, HR, and IT. All-in-one (AIO) desktop computers will be issued for all accounting employees and for warehouse inventory use. Specifically for the sales team a conference room monitor will be installed in each sales office and regional offices. Wireless travel routers will be issued to salespeople on the road for access to the internet when pitching sales to look up or enter information into the CRM software. Smartphones will be issued to all salespeople, HR, and Zebra smartphones for warehouse inventory use only. Office grade printers for each office will also be issued.
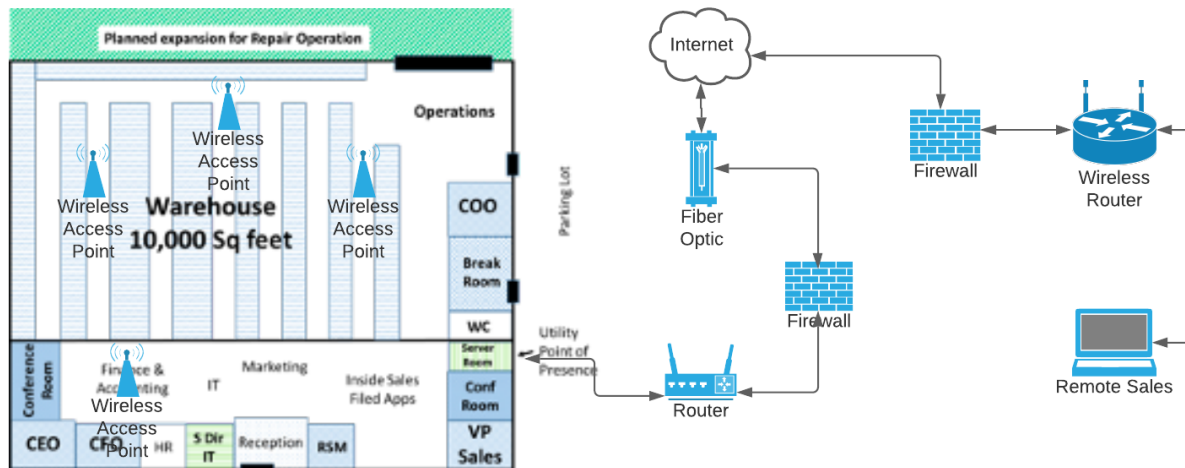
Data

RSIP has no solution for data storage currently, with paper based data processes it will be near impossible to store large amounts of data at a company to scale. With software and hardware changes, data and data security is very important for a digitized company. As usage of digital technologies become part of RSIP's culture, the amount of data and how it will be stored is important to note. Through Microsoft Office 365 a cloud service, OneDrive, will be provided that will store and centralize all of the company's data, especially with office expansions to other regions of the country. Along with growing amounts of data, data security must be implemented to protect sensitive information. Cloud-based services, like Microsoft OneDrive, present secure private servers for data storage. Using encryption and security environments, data will be secured through this process. Being outsourced to and outside service has many benefits cost wise and technically. It would be a more affordable option to invest in an SaaS than to build and maintain one in-house. In slightly more technical terms, outsourcing to another company who experitizes in cloud-based solutions has its advantage, always providing up-to-date technology and services while providing the most secure service. Existing data can also be digitized and uploaded and stored to the cloud database.

Infrastructure

Infrastructure at RSIP consists of consumer grade internet, AT&T DSL connection. An outdated solution to internet connection which utilizes landline connections at slower speeds. With the introduction of new hardware and software technologies a high-speed commercial grade internet is needed. With high-speed commercial grade fiber internet is already available at RSIP an upgrade to Verizon FIOs fiber optic internet service would be ideal to utilize available hardware. In addition to an upgraded internet service an implementation of PoE switches will also be

necessary to fully maximize value by allowing connection of all internet devices to use the same network. In addition to VPN softwares which encrypts internet connection by protecting RSIP's IP address, multiple routers and firewalls will be installed for security measures to negate any compromises to the company's network infrastructure. These devices and services are essential to provide reliable connection to the internet as well as provide necessary security measures to allow all devices used under RSIP to function ideally.

Benefits

The purpose of software, hardware, data, and infrastructure integrations is to automate business processes and achieve profitable growth in the future state of the business. Bringing software tools to RSIP's many business processes will eliminate unnecessary tasks as well as automate repetitive tasks allowing employees to shift their time towards more valuable work. Hardware changes and upgrades introduce newer versions of existing hardware which will lead to a less disruptive technology integration compared to the rest while providing more reliability and value. These will lead to efficiency in work processes in all sectors of the business. The introduction of cloud-based data storage will be a great advantage now and more advantageous in the near future as the company's strategic growth plan continues to be executed. With larger amounts of paper forms and information accumulating it is beneficial to convert existing data into digital data and to start standardizing digital information to be stored and secured into the cloud database. Infrastructure changes and upgrades provides smooth implementation of software, hardware and data. Investing in sufficient infrastructure delivers security measures and ensures technological reliability throughout the company which will in turn certify any compromises in the company that may lead to lost revenue. An investment in IT systems can be advantageous in the long term regarding profitable revenue, in addition "studies suggest that IT systems can provide complete, transparent, and timely information for managerial decision making"[17] Substantially, digital implementation will drive efficiency and increase employee value in a growing business.

Risk Mitigation

To mitigate risks during a digital transformation RSIP must thoroughly evaluate the top challenges why businesses do not succeed in digital transformation. By avoiding and mitigating these mistakes, RSIP can assure a successful integration that will set the company apart from the 80% of businesses that fail. The number one challenge businesses undergoing digital transformation face is failure to practice proper organizational change management. Neglecting or not spending enough time and resources addressing the "people" part of the transformation. "Technology isn't easy to implement, but it's typically a lot easier than addressing the human, behavioral, and operational sides of things."[18] More than the technology implementation itself, managing how resistant people will be to change will affect the outcome of the digital transformation. By focusing resources on change management the risk of failure will decrease significantly. Addressing and applying proper OCM precautions to change resistance will determine whether the project will fail or succeed.

Following change resistance, transformation misalignment will be another risk factor when implementing digital change. "Transformation is a top-down cultural issue that requires understanding, mindset shifts, and buy-in from everyone."[19] Making sure C-level executives to warehouse employees are onboard and understand the strategic objectives planned out for the transformation project. Everyone must be aligned in what the future state of the company will be, they must also be aligned in what the current state of the company will be, as well as being aligned in what are the next steps and changes going to occur to get from current state to future state. Overall, ensuring no single person within RSIP does not know digital change is going to occur, or where the company wants to be headed.

The third major risk that comes with digital transformation is unclear business processes, and difficulty addressing those business processes with the system integrator. Unclear business processes can affect how system integrators will interact. Without clear understanding, there will be misinformation relayed to the system integrator leading to unnecessary implementation of software. Having an understanding of what it is that the company needs will allow the company to be in control of what the system integrator will help implement rather than the other way around. A case where company General Electric (GE) underwent a digital transformation and without clear understanding of both future goals and business processes, they implemented a multitude of unnecessary technologies that the company could not keep up with. "Focus on quality, not quantity. GE tried to do too much without a real strategic focus in any area."[20] Correctly defining business processes and future state goals will, in the end, affect how the system integrator will interact and drive the technology rather than the technology driving the company, keeping in mind that technology is simply a tool.

Timeline

The first phase of RSIP's digital transformation would be to undergo OCM procedures to understand the company's culture, goals, current state and future state. Complete understanding of the company is essential to assure proper implementation of technology. Following OCM procedure definition of current and future changes in business processes must be addressed for all departments within RSIP. Thoroughly defining business processes allows employees to transition from old to new with limited resistance. After careful planning and structuring of the current state transition to the future goal, the next step would be to informate the company of changes. Once informating is successful and all of RSIP understands the future goal and the change is going to occur the next two phases will begin.

The second phase will include laying out infrastructure within the company. The IT team will work with network installators to put together all infrastructure hardware and make sure it will be performing to standards. Simultaneously the third phase will be enacted. In this phase implementation of hardware and software will begin. Following proper HCM procedures training will be in place. The IT team will contact and be in constant monitoring of Zoho system integrators who will aid integration processes throughout the software introduction phase. The system integrator will be responsible for training and ensuring trained employees will know how to utilize Zoho softwares fully. Zoom and Microsoft 365 implementation will be directed by the IT team after infrastructure installations are complete. An estimated three month training phase, however subject to adjustment based on employee learning resistance, will be placed where select members, based on OCM assessments, from each department will be trained in department respective softwares. Proceeding the three month training period RSIP will practice a top-down training method until the company is fully transformed.

Budget

Rock Solid Industrial Parts, Inc. Digital Transformation High Level Budget

Software	Description	Users Y1	Users Y2	Users Y3	Cost	Y1	Y2	Y3
Zoho Ultimate Edition	CRM, Accouting, IMS, HCM	39	56	74	$52/user/month	$24,336.00	$34,944.00	$46,176.00
Zoom Pro	Lowest level zoom plan	39	56		$149.90/year	$149.90	$299.80	
Zoom Business	Zoom plan for Small & Med Business			74	$199.90/year			$499.70
Microsoft 365 Business Premium	Includes Office and OneDrive	39	56	74	$20/user/month	$9,360.00	$13,440.00	$17,760.00
NordVPN	VPN	30	46	63	$9/user/month	$3,240.00	$4,968.00	$6,804.00

Hardware	Model Type	Quantity Y1	Quantity Y2	Quantity Y3	Cost	Y1	Y2	Y3
Laptop	Lenovo ThinkPad X1 Carbon Gen 8 (2020)	30	46	63	$1,219.00	$36,570.00	$56,074.00	$76,797.00
Smartphone	iPhone SE (2020)	30	46	63	$399.99	$11,999.70	$18,399.54	$25,199.37
Conference Room Monitor	Dell 55 4K Conference Room Monitor C5519Q	1	2	3	$1,119.99	$1,119.99	$2,239.98	$3,359.97
All-in-one Desktop	HP Pavilion 24 All-In-One (2020)	6	7	8	$899.00	$5,394.00	$6,293.00	$7,192.00
Printer	Brother HL-L9310CDW	2	3	4	$595.00	$1,190.00	$1,785.00	$2,380.00
Travel Router	TP-Link AC750 Wireless Portable Nano Travel Router	30	46	63	$39.99	$1,199.70	$1,839.54	$2,519.37
IMS Scanner	Zebra TC21/TC26	5	5	5	$569.00	$2,845.00	$2,845.00	$2,845.00

Infrastructure	Description	Quantity Y1	Quantity Y2	Quantity Y3	Cost	Y1	Y2	Y3
Internet Service Provider	Verizon FIOS Business Plan	1	2	3	$60/month	$720.00	$1,440.00	$2,160.00
Cellular Service Provider	Verizon Business Plan	30	46	63	$50/month	$18,000.00	$27,600.00	$37,800.00
Switches	Ubiquiti UniFI	1	2	3	$278.95	$278.95	$557.90	$836.85
Access Point	Ubiquiti UniFi Access Point	4	5	6	$136.99	$547.96	$684.95	$821.94
Router	Verizon Gateway Router	1	2	3	$196.00	$196.00	$392.00	$588.00
Firewall	Cisco ASA 5500-X	1	2	3	$400.00	$400.00	$800.00	$1,200.00

Training	Description	Users Y1	Users Y2	Users Y3	Cost	Y1	Y2	Y3
Zoho Training	Zoho Training/Consulting	39	17	18	$650.00	$25,350.00	$11,050.00	$11,700.00
IT Training	All IT Training	39	56	74	$1,252.00	$48,828.00	$70,112.00	$92,648.00

3 Year Total	$339,287.20

Conclusion

Technology is rapidly changing and businesses are constantly growing and changing. Companies unwilling to change and adapt will likely fail in the coming years. Digitization has been a part of business culture for many years now as many competitors have already adapted. To ensure Rock Solid Industrial Parts, Inc. can sustain in this business environment, digital change is necessary. Digital transformation is necessary to the company to ensure industry relevance. Introduction of software and hardware technologies is needed. Reengineering of business processes to accommodate industry climate, will benefit the company in reaching future state goals and in turn it will drive profitable revenue growth for the years to come.

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