

FEBRUARY 19, 2020

Move beyond digital transformation — and improve your ROI

The top digital performers transcend traditional approaches to large-scale change.

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If you say a word too many times, you'll notice it loses its meaning. There's science behind that feeling: Something called semantic satiation sets in. It's when repetition leads people to perceive a phrase as meaningless sounds. *Transformation* is quickly becoming one of those words — a concept that doesn't hold value because it can mean so many things, or very little at all. For executives, something more alarming results when transformation becomes a catch-all for the myriad digital efforts they have underway: They struggle to grow profits and to earn significant ROI from large-scale digital investments.

How do you achieve value across an entire digital enterprise and make sure all investments give you that coveted, but sometimes elusive, ROI? You need to do more than transform. You need to transcend traditional approaches to growth and change. As part of PwC's [2020 Global Digital IQ](#) research, we studied thousands of companies and their digital behaviors. We found that just 5 percent are getting moderate or significant payback from their digital efforts in all areas measured: growth, profits, innovation, customer experience, brand lift, attracting and retaining talent, disrupting their own industry, using data to improve decisions, cutting costs, and combating new industry entrants.

This elite group of companies — what we call Transcenders — achieve real payback across their enterprises. They embrace innovation, and they don't fear change. If this were high school, they'd reign as prom queen, star quarterback, and valedictorian all rolled into one. What does it take to transcend? Four core differentiators deliver consistent, standout performance. And they're elements many leaders talk about but don't always act on or get full value from.

1. Mandate change — don't just talk about it. Actions speak louder than words. If company leaders don't embrace digital strategies that help them adapt to this ever-changing world, they may join the ranks of rotary phones, vinyl records, and rabbit-ear antennae. To transcend, you must take calculated risks, starting with the way you lead. A full 84 percent of Transcenders in PwC's Global Digital IQ mandate — not just encourage — leadership strategies focused on collaboration and new ways of working. And 92 percent of Transcenders act on ideas from everyone, not only higher-ups.

That's significant because bosses don't have all the ideas. Richard Montañez was working as a janitor at Frito-Lay when he approached management with an idea that became one of the company's most successful products: **Flamin' Hot Cheetos**. 3M scientist Spencer Silver **invented the Post-it** after developing a sticky substance to keep bookmarks secure, and Ken Kutaragi was a relatively low-level employee at Sony when he came up with the **idea for the Playstation** after toying with his daughter's Nintendo.

Transcenders develop a core digital strategy such that their leaders go out of their way to avoid hindering innovation, and instead create opportunities for ideas to bubble up. Emulate them. Set an example in your organization by **smashing the silos** and creating the infrastructure that demands greater collaboration. Tear down walls and make introductions. Have marketing work alongside finance? Immediately. Encourage HR to submit business prospects? You bet. Invite your **least experienced employees** to reframe problems and dream up new solutions? Obviously. Great ideas aren't bound by titles or departments.

2. Invest like you mean it. Most companies invest in training, technology, and innovation. But getting to payback requires big-picture thinking. Without infrastructure that supports a constantly evolving environment, aspirations fall flat.

Home in on the processes, technology, skill building, and ways of working that are begging to be modernized — not just now, but for the future. Once you do that, you'll free up time to focus on growth above cost cutting: 65 percent of Transcenders direct their digital initiatives and spending to growth, investing over 33 percent more than other companies. Even if spending more isn't feasible now, you can reallocate investments to initiatives that encourage employee

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innovation and technologies that won't just help cut costs or save time but will also drive your business forward.

Doing so may sound daunting, but for Transcenders the payoff is impressive. The adoption of digital tools and initiatives increased employee time spent on innovation at 84 percent of these companies. And, as a group, they've seen 17 percent higher growth in their profit margin than others throughout the last three years.

3. Put people first — and make them your superpower. No business thrives without creative, motivated talent. To move beyond transformation to transcendence, employee experience and **upskilling** — the type that puts people at the forefront of innovation — are crucial. To transcend means seeing your people as fearless change warriors and giving them the tools they need to devise new battle plans and fresh tactics. You need the best people, and you need them to stay and grow with you. (Not to mention that it **typically costs** more than US\$4,000 to hire a new employee.)

Putting your people first will likely require you to rethink training: 64 percent of Transcenders in PwC's Global Digital IQ study recently upended their training processes. Yes, it's crucial to teach skills for the new digital environment, but they need to be bite-size, **immediately applicable**, hands-on, and motivating. And it can't just be about technology skills. There's a level of mental and skills agility — to accept and process change and new ways of work — and of collaborative drive that are needed to move to Transcender status. What's more, you're preparing employees for the future, moving them from a focus on doing

one or two things really well to thinking differently and using digital tools in a collaborative way.

The payoff for transcendent companies: 72 percent always or frequently achieve widespread adoption of new initiatives (as opposed to just 35 percent of others), and 97 percent of Transcenders report higher employee productivity from using digital tools and ways of working. Oh, and Transcenders are 200 percent more likely than other companies to say they attract and retain top talent.

4. Build a resilient culture that can survive anything. Challenge breeds resilience. It's the result of persistence coupled with the vision to navigate breakneck change. You must quickly turn a potential threat into opportunity. That's why 98 percent of Transcenders are confident their companies will survive no matter what disruptions come next.

The key difference between transformation and transcendence? Transformations have a start and an end. They're locked into a project or an implementation. But transcendence means embracing constant learning and improvement. Transcender leaders put a stake in the ground and explain the necessary culture shift and the tactics that will enable this improvement. They have a clear vision and help others see it, too.

This approach is why Transcenders embrace big disruptions and come out stronger: 67 percent have been through at least one disruptive event in the last two years, from mergers and acquisitions to significant business strategy changes. What's more, flexibility and commitment to digital give transcendent companies a strong competitive edge: 86 percent report an increase in rapid innovation across the business.

Transformation may be losing its meaning, but transcendence is just entering the zeitgeist. And it's what will have your people — and your company — focused on the open road rather than the rearview mirror. ✦

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