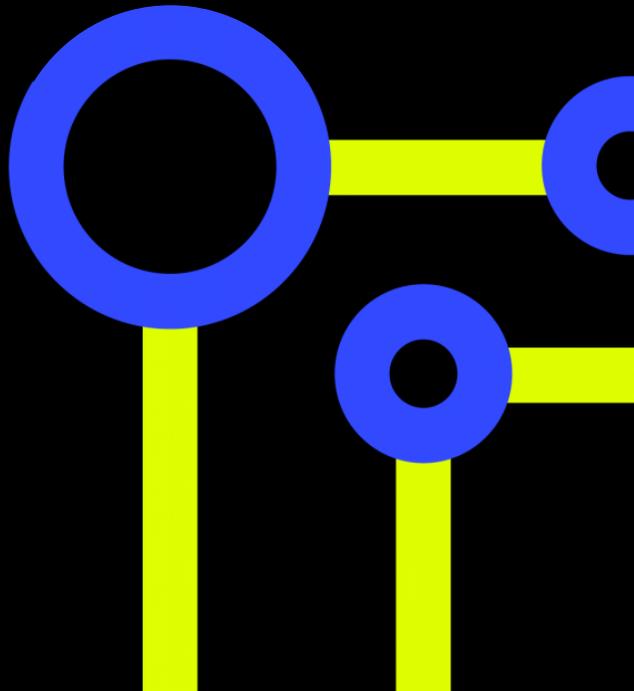


**PROPHET**

**THE EVOLVED ENTERPRISE**

# Three Paths To Unlocking Growth Through Digital Transformation



# Introduction

No one needs another lecture on disruption. We've all seen the way the digital revolution has marched forward, birthing companies like Tesla, Netflix and Airbnb which have become dramatically more powerful than their decades-old competitors.

But to fully understand why they're winning requires looking past the obvious distinctions of technology. Yes, these leaders are digital natives. But they are also evolved enterprises; they achieve uncommon growth not just through cutting-edge technology, but because they are committed to three fundamentals of our digital age that any company can master.

## **Evolved companies aren't customer-centric. They're customer experience-centric.**

No matter who their customers are, these companies understand they are in the **business of experience** and they design their business models explicitly to compete on experience innovation. Amazon may have set the pace, but in every industry – from Lemonade in insurance, to Coupa in procurement software, to Veeva in pharmaceutical salesforce automation – customers are responding.

## **They're building brands.**

Because digital businesses are interactive by definition, customers must know and have positive associations with your brand, which requires a radically reimagined marketing machine. Whether through Yelp reviews, Instagram followers or the simplest searches, if customers can't remember your name, you don't exist in the digital world.

## **They untether the talent of their people.**

Empowered, autonomous teams at the edges of the organization help the organization operate at the speed of digital. They are fast, flexible and responsive. When grounded in a shared purpose, this freedom unleashes innovation, engages employees and attracts critical talent.

# Digital natives have an edge

Do these 21st-century companies have strategic advantages older companies don't? Absolutely, including economies of scale never dreamed of in the Industrial Age. The flywheel of Uber's business model is simple enough to fit on a napkin. The more drivers on the platform, the lower the wait times and prices; the lower the wait times and prices, the more compelling the service and more demand from customers; the more customers, the more attractive a market for drivers... Despite its recent leadership issues, Uber's rise to a \$60 billion company has been the fastest in history.

These digital companies also enjoy cost advantages that might have made Henry Ford's head explode. The zero-marginal-cost of software and leverage of fixed-cost assets gives uncanny power to platforms. Amazon's Web Services (AWS), the company's cloud-computing division, is a fast-growing cash machine, generating \$17.46 billion last year.

The internet and globalization have minimized transaction costs and vaporized traditional market barriers. Dollar Shave Club, acquired by Unilever in a deal reported to be worth \$1 billion, cracked the razor and blades market by selling direct-to-consumers through social media.

# How best to transform

Companies founded after 1995 don't have a monopoly on these accelerated paths to growth. In fact, many of them flame out despite these advantages. Meanwhile, trusted brands with established businesses are reinventing themselves inside and out. They're evolving and transforming their businesses to deliver uncommon growth through experience innovation, brand building and employee satisfaction. Yet, the obvious question remains: how to make it all happen?

One approach is a "big bang." And it's often required for companies that have waited too long. They know they're facing an obvious existential threat, so they find a "burning platform" to animate a wholesale transformation of the business. More often than not, this results in failure.

Burberry, for example, tried to tackle knowledge management, customer experience innovation and social media. Without Angela Ahrens, the CEO who left in 2014 to run Apple's retail businesses, it's stumbling. At GE, former CEO Jeff Immelt lauded digital as the company's future, creating the

GE Digital organization and investing heavily in the company's Predix platform. The result? Angry shareholders, and more than a *\$100 billion loss in market value.*

A second approach - and the only one we recommend - is purposeful iteration. Companies should create a vision and map out how digital transformation can deliver real business value. And then tackle each challenge, one at a time. Of course, we're not suggesting you ignore the others, but focus on just one of these three areas - customer experience, marketing or organizational agility to maximize impact and build momentum for the next. Visible successes help win more support from customers and employees.

Once a company establishes a clear vision, it usually becomes obvious which of the three areas - customer experience, marketing or organizational agility - present the biggest obstacles to growth. And that's where to begin.

# The goals of each are clear

## **Evolve customer experience**

Find latent and explicit customer needs and remodel customer experience from the outside in. Leverage new organizational roles and teams to do it quickly and iteratively.

## **Evolve marketing**

Build brand relevance by reinventing your marketing function as a strategic weapon, turning the brand into a living, dynamic asset, elevating your digital marketing game and your strategic communications.

## **Evolve agility**

Engage employees with a higher organizational purpose, and empower them with an operating model that helps the company compete at the pace of digital.

Driving these evolutionary changes isn't just about playing defense and avoiding disruption. Evolving your enterprise creates a better way to grow, helping you better serve your customers, employees and investors, and increasing the odds that your firm – not a digital native – will be the disruptor in your industry.

# Marketing's Next Leap Forward

We all know digital has transformed the way people see and experience brands. It's hard to find a company that doesn't use digital marketing, and many companies have even made the leap to digitally-led strategies. But that's no longer enough: New pressures demand that companies integrate the digital mindset to the core of their marketing.

As companies complete their breakaway from the limitations of traditional, static brand identities, they are learning to use new tools. Those include emerging channels and interfaces with voice, augmented and virtual reality, for example, or to better work with armies of influencers, who command both credibility and scale. And they're looking for new, seamless connections between marketing and commerce.



When companies make this shift, it creates a transformation that's as dramatic as shifting from black and white to Technicolor, changing the game from Atari to PlayStation. These companies no longer see digital as a tacked-on arm or division. It's become the spirit that infuses the organization's entire thinking. For these evolved companies, it's no longer enough to know that all marketing is digital.

Now it's about being more purposeful, more credible, more agile. Evolution is about excelling for growth, generating results above and beyond traditional measurements of awareness and preference to attribution, sales and customer lifetime value. Digital has to make marketing demonstrably more valuable. It has to be excellent.

## Two issues are pushing companies toward this next evolutionary phase

First, consumer expectations of marketing are increasingly shaped by their everyday *experiences*. They've become accustomed to brands that know what they want better and before they even know themselves.

Digital drives this change, offering tools for discovery that are embedded everywhere. Netflix, for example, says that 80 percent of the TV shows people watch on the platform are discovered through its recommendations; a feat achieved through sophisticated machine learning and advanced algorithms. These high expectations of experience require that brands segment and leverage data constantly to adjust strategy and shape products. They need the agility to shift not annually or even quarterly, but weekly or daily.

Second, widespread lack of trust in marketing and its platforms creates new challenges. Consumers don't trust marketers and have always hated ads. But social media has sped up their contempt, with brands making publicity and social media gaffes nearly every day.

This decline in consumer trust is matched by erosion of marketers' faith in the platforms themselves: The global cost of ad fraud is expected to hit \$50 billion over the next ten years. Facebook has had to apologize for misrepresenting video viewing, and a new study from the University of Southern California reports that up to 15 percent of Twitter accounts are fake.

# The shift to digital brings new ways we “do” marketing

## FROM

Building brands with static words and visuals



Brand communications as pre-canned monologues



‘Spray and pray’ testing



Individual moments marketing



Sliced customer experiences and solutions by department



## TO

Intelligent, dynamic and personal living brands systems

Relationship-building dialogues

Learning at scale, over time, automating insights with more accurate performance

Full-funnel digital marketing and monetization

New skills, tools and processes that enable teams across the enterprise to create customer-centric omni-channel experiences

## It’s show time

To be effective and relevant in the digital age, marketing needs to be re-engineered from top to bottom – from how to build brands to how we organize. Brands must be trustworthy and relevant – especially in a world where consumers expect more from brands and yet trust them much less. Content and communications need to be platform-proof so that credibility isn’t undermined by the next Facebook algorithm change. And that means brand stewards need to make five key changes:

### Evolve from brand identity to living brands

Marketers need to build brands that are relentlessly relevant. This requires dynamic algorithms versus a strategy based on the traditional rigid identity approach. This constant movement and growth are what takes a brand from a static positioning to a living, breathing entity, continually striving to stay in step with the wants and needs of the people it serves.

<sup>1</sup> <https://www.fastcompany.com/3061312/how-values-and-purpose-made-reis-optoutside-a-big-winner-at-cannes>

<sup>2</sup> <https://www.geekwire.com/2016/outdoor-retailer-rei-reports-23-increase-digital-sales-record-membership-growth>

# To build living brands...

- Center on a strategic purpose to create shared value. Retailer REI ignited a national conversation by closing its stores on Black Friday, and #OptOutside delivered 2.7 billion media impressions in just 24 hours<sup>1</sup>. It also sparked 23 percent growth<sup>2</sup> in year-over-year digital sales, simply by sharing its commitment to spending time in nature.
- Engage customers through personalized content and living brand experiences.
- Power brands from the inside through culture, capabilities and employee engagement.

## Evolve from fixed to agile brand management

Brands need to plan differently, constantly adjusting to listen, learn and react with content and tactics in real time. A commercial real-estate marketer created new value for sales by mapping four distinct buyer's journeys, uncovering new opportunities they could seize in the next quarter. A telecom company uses artificial intelligence to monitor brand safety across thousands of events and tens of thousands of websites.

- Organize strategic communications to drive growth, including valuation
- Be ready to shift content decisions throughout the year
- Spend more time on experiences and relationships and less on messaging
- Integrate and connect marketing better with other critical areas, including corporate communications, sales, experience and service

## Evolve from digital inclusion to digital integration

With digital thinking, platforms and channels more central than ever before, modern integrated marketing reverses the posture of "including digital" to "including offline." It works: Advances in advertising technology led Adidas to develop sequenced brand and e-commerce messages that it says led to conversion rates that were 75 times higher<sup>1</sup> in some tests. This new paradigm needs to be included in every strategy:

<sup>1</sup> <https://www.thinkwithgoogle.com/advertising-channels/search/adidas-sports-mobile-trends/>

- Integrate digital insights with offline insights to create a unified customer view. Align offline and online advertising and communications, regardless of paid or unpaid.
- Build content strategies that are audience-led, not channel-driven
- Grow beyond digital marketing to digital marketing and monetization, excelling in conversion, sales and extension into new environments
- Reimagine channel strategies for what they can do today, from how they were initially tapped years ago
- Develop and reshape products, services and experiences based on fresh and real-time consumer insights

### **Evolve from data gathering to data activation**

Move beyond clicks, views and likes to measure business and customer impact. A global appliance manufacturer began capturing customer data earlier in the shopping process, enabling them to better deliver content from acquisition, to on-boarding, and throughout the entire ownership experience.

- Own customer data, building those requirements into channel partners and intermediary agreements
- Analyze and optimize how marketing investments are distributed across brands, channels and products
- Build a strategy for customer data value exchange
- Link marketing activities to sales outcomes and digital behavioral data
- Develop architecture to analyze data patterns blending multiple sources, enabling growth-driving opportunities

### **Evolve from adding tools to designing an operating model**

Brands traditionally have paired internal brand knowledge with external platform expertise. They knew the brand; partners knew the platforms. That no longer works. The choice today isn't whether to handle projects internally or to outsource, but to co-source, building expertise inside the organization and with partners to execute. A large multi-national insurer recently designed its first operating model for marketing, identifying capabilities and clarifying responsibilities among global, regional and local teams, as well as with other departments and external partners. Internally, this means:

- Make sure you have an operating model with clear roles and processes
- Build a purpose-driven team that includes capabilities and critical roles such as UX, data analytics and program management
- Invest in employees that know the platforms and understand the landscape
- Train and structure to be more agile (e.g., scrums, flexible staffing), shifting from traditional pyramid and layer structures
- Redesign the partner and vendor ecosystem to fill gaps in expertise or capabilities that reduce inefficiency

Brands that make a serious investment in modern marketing will achieve disproportionate success, in both top- and bottom-line growth. By building, managing, activating, measuring and enabling brands differently, companies of all sizes can use the transformation of marketing to become an evolved enterprise.

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# Getting into the Business of Experience

Everyone knows customer experience is important, and these days, it seems like customer centricity is a mandate in every boardroom. Finally, business leaders in most industries realize that memorable and engaging experiences aren't just the key to growth, they're the currency of the future.

Gartner reports<sup>1</sup>, for example, that more than 50 percent of companies plan to redirect investments into customer experience in the year ahead, while another recent study<sup>2</sup> finds 80 percent of companies are making such investments this year, up from 20 percent in 2010.

<sup>1</sup> <https://www.gartner.com/newsroom/id/3072017>

<sup>2</sup> <https://www.pwc.com/us/en/industries/consumer-markets/library/retailing-2020.html>



But spending money on experience and making it work are two different things. And as consumer expectations continue to rise—“Dude, Amazon just delivered my groceries in less than an hour. What can you do for me?”—it’s harder for those offering merely ordinary experiences to catch up.

And while many companies are solving experience problems in blended digital and physical environments that delight customers in new ways, that complexity is challenging. Companies are scrambling to keep experiences consistent and on message across channels, markets and lines of business. And while messaging was once clearly under the control of marketing, the responsibility for experience, which now requires help from many disciplines, is diffused, owned and driven by different departments.

As a result, the overall experience is still disjointed. Companies recognize how critical it is for growth, but struggle to deliver. Enterprises are still working with separate databases, separate roles and functions zeroing in on different parts of the customer journey.

Worse, many have become so hyper-focused on this consumer obsession that they’ve developed a type of experience myopia: Other critical components, such as the employee experience and partner/vendor relationships, have been left out in the cold.

For many, creating and managing experiences has devolved into a dysfunctional operational mess.

## Shifting customer expectations

Consumers, of course, don’t care about how complex or hard it is to deliver a stellar experience. They just know a few of their favorite brands make it work every time, solving their problems and offering consistent ease of use—and that the majority of brands are a big disappointment.

No business can escape the constantly rising bar of customer experience: online, offline, in retail or in B2B, once a customer has been won over by an experience like Spotify, Amazon or Netflix, they want to know why all transactions aren’t this satisfying. From travel to consumer goods to business transactions, customers expect to be recognized, heard and taken care of. They are demanding personalized and automated experiences.

Those can only come from companies with a holistic approach, aligning experiences with business goals. In short, organizations must make philosophical and structural changes to get in the “business of experience.”

That means companies need to make five fundamental shifts:

### **Evolve from experience for its own sake to bottom-line outcomes**

Designing a magical, frictionless experience for its own sake is pointless. As companies get into the business of experience, they understand that the real objective of any experience is business impact, such as boosting revenue or increasing customer lifetime value. Clear business goals must precede design.

### **Evolve from brand engagement to true customer obsession**

Instead of thinking about customers at each touchpoint, genuinely understanding them calls for a much bigger picture. What worries them? What are their tensions? Their hopes? This holistic picture is essential and sometimes leads to big (and uncomfortable) realizations, such as the need to change the business model.

### **Evolve from brand as a passive voice in experience to experience paying off the brand promise**

Branding is no longer just an element of experience; it has to drive it. The best experiences envelop customers, proving the brand's value by offering something deeply personal. And conversely, poor (or even average) experiences undo that promise.

### **Evolve from fragmented touchpoints to pervasive digital-powered execution**

In a world where customers leave digital breadcrumbs everywhere, running a business of separate islands—advertising here, in-store experience there—doesn't work any longer. Consumers have high expectations of consistency across the board, no matter how hard it is to do. That requires teams of experts from across the organization, working together.

## Evolve from ad-hoc change efforts to change with accountability

Initially, baby steps are important. But there soon needs to be a greater commitment, changing the way companies operate and collaborate. It calls for drafting the right technology roadmap and connecting decision-making to the best data. Moving along this curve requires conscious and vocal commitment from leadership.

## Experience = The face of business strategy

We look at it this way: Experience is the face of the business strategy. It's where the brand promise is either paid off or destroyed. At the same time, experience is a way of building competitive value that cannot be easily copied. The brand is the anchor that drives experience design, putting something in the marketplace that leaves an indelible impression in the mind of the customer.

We know how well this works because when we look at our [Brand Relevance Index™](#), we can see that the ten most relevant brands are all either driven by dynamic digital experiences (including Apple, Google and Pinterest) or mass-market entertainment experiences (like Pixar and Disney). These brands have all grown because their experiences are proof positive of their brand promise. What's more, their experiences are distinctively inspired, and can't be easily replicated. Consumers don't just remember these experiences, they crave more of them.

Creating them is a science, but many companies are still using outdated methods. Customer journey maps, for example, are important tools, but too often, companies build these maps as they did decades ago, as if customers are somehow orbiting their brand, instead of recognizing how much else is going on in their lives. Some focus only on potential buyers.

An example we love is Casper, which has disrupted an industry by focusing on people who hate mattress-shopping. Had it mapped customer experience the traditional way, it likely would have come up with a store-focused solution. Instead, it took a holistic view and saw the need to shake up the entire buying process.

In other words, businesses need to move away from thinking of experience as brand engagement and towards thinking about it as customer obsession. The goal is to understand and tap into customer needs in new contexts. By learning more about the customer, doors open to transformation through business model, product and service innovation.

Even modern tools, like omnichannel strategies, are causing experience stumbles. Everyone recognizes its importance yet connecting the dots between channels—and even defining what a channel is—remains a challenge. Digital experiences often ignore that customers live in the real world, while offline experiences often forget most customers have a mobile device in their pocket.

Disney is one of the rare brands that consistently gets this right, understanding that context is what matters most. Its work started with the goal of engineering away the frictions that turn Disney's theme parks into nightmares for frustrated parents and using data to optimize revenue. The brand leveraged consumer familiarity and comfort with technology to deploy the MagicBand, an integrated wearable letting people experience Disney without having to pull out their wallets or wait in lines.

Engaging contextual experiences don't happen by accident. It takes a thoughtful reconsideration of the way employees collaborate with each other, capture data, set priorities, make decisions and measure success.

And it's changing organizational structures. The role of product managers, especially, is undergoing a significant shift, as these professionals move to the epicenter of experience, technology and business strategy.

Evolved enterprises are empowering product managers with the autonomy and accountability to marshal multidisciplinary skills in service of a common objective. And it's a major departure from the traditional model, where product management sits in its distinct organizational unit. "To me," Mina Radhakrishnan, the first head of product at Uber, has told management experts, "the product manager is really the person who works with everybody else to define and say: 'This is how this thing should work, and this is why it should work in that way.'"

## Sharpening the experience strategy

Companies have a lot of work to do if they want to break into the Business of Experience, but it's within reach. "Re-invention isn't only possible, it's ready for the taking," says *Brian Solis*, principal analyst at Altimeter, Prophet's digital research group, "The biggest challenge is simply seeing and doing things differently."

So where does a business begin?

Evolution can start across a number of different initiatives, creating better experiences for both the customer and the company's bottom line. We have identified four starting points:

1. Use customer obsession to identify, plan and design single- or multi-channel experiences
2. Design or optimize seamless, omnichannel experiences, tapping into the value of the organization's disparate data sources
3. Review the current state of the product and service experience, and identify and pilot new ways of creating value and doing business
4. Redesign the company's structure and capabilities to efficiently respond to evolving customer needs and expectations

Evolved enterprises understand that they are, at heart, experience-driven. They know the key ingredients are more than what the customer sees, and also take into account brand and operational models. And they strive to have these components work together, all reorienting the company to be in the business of experience.

# Five Fundamental Customer Experience Shifts Companies Need to Make Today:

Evolve from experience to bottom line outcomes



Clear business goals must precede design. Designing a magical, frictionless experience for its own sake is pointless.

Evolve from brand as a passive voice in experience to experience paying off the brand promise



Branding is no longer just an element of experience; it has to drive it.

Evolve from brand engagement to true customer obsession



Instead of thinking about customers at each touchpoint, genuinely understanding them calls for a bigger picture viewpoint.

Evolve from fragmented touchpoints to pervasive digital-powered execution



Consumers have high expectations of consistency. That requires teams of experts from across the organization, working together.

Evolve from ad-hoc change efforts to change with accountability



There soon needs to be real commitment – changing the way companies operate and collaborate.

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## How can Prophet help your organization become an evolved enterprise?

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# Human and Digital: Creating an Evolved Organization for the Digital Age

Digital has forever changed our world. Over the past 20 years, technology has transformed the way we shop, learn, connect with friends, find recipes, discover new music, try on shoes...the list goes on. And this trend will continue for the foreseeable future. So, the companies that win in this new digital age will be those that master new technology – right? Yes. And no. While technology is important, it isn't what defines winners and losers in digital transformation. It's the humans behind the machines that make the difference – how they work together, and how they serve actual, human customers.



While companies aren't wrong to believe technology will make them more competitive, the real need is for organizational transformation. Many are still built on the "inside out" model of the Industrial Age, organizing around processes and functions that might be important to the company's operations, but don't really mean anything to customers. Delivering on the promise of the digital revolution requires thinking more "outside in." Companies need to be built on what customers need, want and care about.

Inside-out companies were built in the era of smokestacks, when information was a scarce resource and there was plenty of time to make decisions. Information flowed up the chain to someone who made a decision, and those decisions then flowed back down for implementation.

Today, that's flipped: time is scarce, and information is anything but. Yet core business processes in many organizations are still trapped in the past. Annual strategic planning processes are too infrequent. Marketing needs to run in real-time. And technology departments need to deliver cutting-edge solutions now, not in the next release cycle.

Many of today's organizations haven't yet evolved for the new normal of the Digital Age, and **like any other living organism**, they need to adapt to a new environment. Some companies, like Google and Amazon, have always been digital, so adapting is easier for them. Others, like USAA and Starbucks, are consciously cultivating organizational structures that use digital to become more dynamic and responsive, and as a result, they are beating their competitors. USAA is consistently leads the league tables for customer experience ratings. And Starbucks stock has appreciated over 10x in as many years/ These evolved enterprises have done so by redefining their operating model, centering around their purpose, and managing transformational change.

## Designing for digital

Running a business in the digital age is different in two important ways: the pace the market requires faster decisions, and there's a vast amount of information available to make them. But the tsunami of information to make complex decisions can be as crippling as it is helpful. Not only does it overwhelm human brains, it can paralyze old-school organizations.

Companies built for the digital age are designed for speed and agility: they can sense the market, make swift decisions and get solutions to market quickly and iteratively. And they operate in fundamentally different ways:

- **Networks trump hierarchy.** Flexible, multidisciplinary teams are organized around the features of a business that matter to customers, such as products and services. And they're empowered to make important decisions. For example, [USAA](#), with its motto "we know what it means to serve," clusters customer-facing resources into teams around life events, like "becoming a parent" or "leaving military service".
- **Processes are customer-focused.** Resource allocation and planning processes that traditionally run on annual or quarterly cycles such as marketing budgets or managing IT requirements) are updated more frequently or organized into agile "sprints." Processes like product/service innovation take a more "outside-in" orientation, using design thinking, customer insights, personas and journey maps to drive new product, service and experience innovations.
- **Data and analytics play a central role in decision-making.** This requires more than just the data and the ability to crunch numbers. It calls for a cultural change among business leaders as well.
- **Artificial Intelligence both substitutes and complements human intelligence.** It helps human do what machines can't (yet): empathizing with customers, identifying pattern-breaking innovations and managing other humans. Lemonade, the insurance provider, for example, uses "AI Jim" to process claims at a blistering speed. *Its record* is a claim for a stolen \$979 coat, which it evaluated and paid in three seconds, after it checked 18 anti-fraud algorithms.
- **Interconnection is everything.** The components of an organization's operating model are an interconnected ecosystem; addressing one dimension alone can't deliver the desired result.

## Centering around purpose

Making more decisions, faster, with less central oversight sounds like a recipe for chaos. How might companies make sure these empowered teams and AI agents make the right front-line decisions? Without that old-school framework of constant supervision, who keeps decision-making on track? In companies where employees know the brand's purpose, it's not difficult.

It's important to point out that purpose-driven organizations aren't new. Since its founding, Zappos has sought to "deliver happiness." State Farm Insurance, has long known its mission is to be a good neighbor. Today, that mission has

extended to “helping life go right.” Note that none of these examples reference the company’s products or services. But *the need for a clear purpose*—the heartbeat of all a company does—has never been more important. In fact, the demands of a more agile, empowered digital organization have made it essential.

## A clear purpose helps:

- **Shape the future.** Purpose can become the north star, providing the foundation of the company’s operating model and linking the customer and employee value propositions. Amazon does this exceptionally well. *The company’s 14 leadership principles*, such as a “bias to action” and “frugality,” are a perfect reflection of the company’s branding to consumers. Those principles allow Amazon’s many product teams in e-commerce, Alexa and Prime to make better strategic decisions. Leveraging brand to represent purpose is not just a change to the brand; it’s an organizational and cultural transformation.
- **Provide strategic agility.** Companies like Google have been able to transcend traditional boundaries and open up new paths for growth. Google’s mission to “to organize the world’s information and make it universally accessible and useful” gives it license to expand beyond search into consumer devices, fiber-optic telecommunications and self-driving cars.
- **Attract critical talent.** Millennials and Generation Z workers rank *purpose* as one of the most important factors in their careers. These young leaders don’t just bring new skills, they also bring more digital ways of working and important insights into future customers’ needs.
- **Win loyalty.** Increasingly, consumers are also looking for purposeful brands that reflect their values, not just the functional benefits a company’s products. Brands that use digital storytelling to convey this have the greatest impact. (Read what Prophet’s own David Aaker has to say about these *signature stories*.)

## Leading the transformation

Leading digital transformation in an organization isn’t easy. In fact, most - as many as *seven out of eight* - fail. That’s because transformational change requires new organizational muscles – new governance, skills and incentives – not just new tools or processes. To kickstart meaningful change in the organization, approach it from multiple angles:

- **Create a case for change.** Craft a compelling story for why the organization needs to change. Describe the promise of a different future, appealing to the values that the brand represents to both customers and employees. Use storytelling and a “show, don’t tell” approach to engage and make that vision come to life.
- **Raise your digital quotient.** Prophet’s advisory arm, Altimeter, researching the major headwinds encountered on the road to digital transformation, discovered that lack of digital literacy continues to be at the top of the list.

[Read our report: State of Digital Transformation by Brian Solis.](#)

Leaders need to adopt a multipronged approach, one that leverages organic development, acquiring and “acqui-hiring” digital talent at both operational and leadership levels.

- **Create a two-speed transformation.** Certain aspects of a business’ operating model need to evolve more slowly, like legacy IT systems or backend business processes. Others, such as customer-facing technologies like mobile, can’t wait; they need to get to market and iterate more quickly. Create a roadmap that enables both.

A recent client of ours - a global home appliances manufacturer - had a strong brand recognition in product quality, but its engineering-focused culture was a barrier. The structure and culture of the organization reflected its engineering heritage, not necessarily customer needs. The client’s executive team understood the case for change - transitioning the company from a manufacturing-centric firm to a customer-focused company – but needed to align its purpose, processes, and people through a sustained transformation program.

Our work started with the creation of a cross-functional digital transformation team, charged with leading the company’s roadmap for transformation. We helped the client define the business opportunities for digital and reshape the company’s operating model to support them. We also conducted a digital maturity analysis, recommending areas to optimize marketing spend across customer journeys, and implementing action plans, inclusive of the talent, technology, budget, and resource needs to execute the transformation agenda. Finally, to support the change, we helped raise the client’s digital quotient, developing employee learning and engagement programs. Intuitive, gamified experiences helped employees learn new digital skills, and were made available “anytime, anywhere” to fit into employees’ daily lives.

## Change is the new constant

Creating an evolved enterprise requires new approaches to how we structure organizations, leverage purpose, and manage transformational change. But it also means understanding that today’s technological innovations are just the opening acts; a constant state of change is the new reality of the digital age. Just as the next wave of technological innovation - blockchain, Internet of Things and advanced AI – are already showing their disruptive potential, we can be sure that further innovations will create an even more strange and wonderful future.

Like those that have come before, these new technologies will displace some degree of human activities, and will render others obsolete. But if past experience has taught us anything, it’s that technological innovation also creates new opportunities for people and tech to work together, creating organizations that are ever more human.

# Industrial Age Organizations Won’t Survive The Digital Era – They Need To Evolve

### FROM

Command-and-control organizational and communications structures



Rigid, annual planning and resource allocation processes



HIPPO (Highest Paid Person’s Opinion) decision-making



The human brain as the primary technology running the organization



A “Design, Plan, Execute” approach to organizational transformation



### TO

Distributed, self-organizing and empowered teams that are guided by organizational purpose

Iterative, demand-driven and flexible processes at the “clock speed” of the market

Data is treated as a strategic asset, and data-driven decision-making as a cultural norm

An “AI-first” approach to experience and process design

A multi-speed transformation that aligns customer solutions to the pace of digital, while building long-term foundational infrastructure

## How can Prophet help your organization unlock growth to become an evolved enterprise?

Prophet helps companies become evolved enterprises through the development of marketing strategies, seamless customer experience and building smarter, faster, more flexible organizations to create new business models that operate at the pace of digital and drive growth.

Prophet's world-class consulting capabilities enable us to help clients understand and act on digital transformation as a force in their business and become an evolved enterprise.

Interested in speaking to someone at Prophet? [Let's Connect.](#)

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