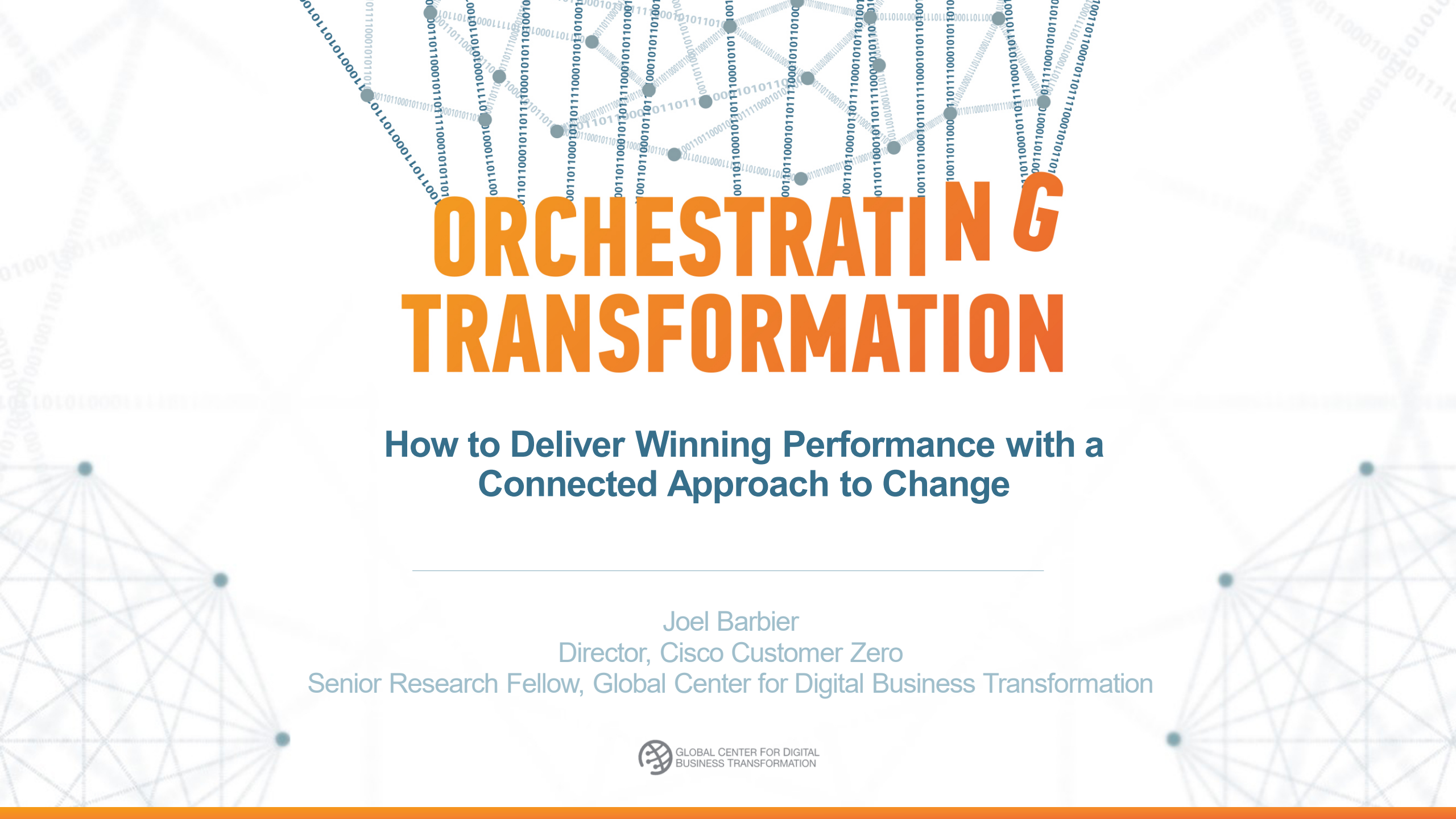




ORCHESTRATING TRANSFORMATION

How to Deliver Winning Performance with a
Connected Approach to Change

Joel Barbier
Director, Cisco Customer Zero
Senior Research Fellow, Global Center for Digital Business Transformation

3.5/10

Market incumbents
will be displaced

1-3 yrs.

Time to significant disruption

90%

View digital disruption
as major threat
(up from 27% in 2015)

39%

Companies actively responding
(down from 43% in 2015)



GLOBAL CENTER FOR DIGITAL BUSINESS TRANSFORMATION

An IMD and Cisco Initiative



A woman with long blonde hair and glasses is sitting in the back seat of a car, smiling and talking on a black smartphone. A man with a beard is in the driver's seat, looking forward. The car's interior is visible, including the headrests and windows. The background shows a blurred city street.

Why do people use **UBER?**

Three Forms of Value



Cost Value

Free / ultra-low cost
Buyer aggregation
Price transparency
Reverse auctions
Consumption-based pricing



Experience Value

Customer empowerment
Customization
Instant gratification
Reduced friction
Automation



Platform Value

Ecosystem
Crowdsourcing
Communities
Digital marketplaces
Data orchestrator

Agility as Foundational Capacity to Change

Hyperawareness

A company's ability to detect and monitor changes in its environment

Informed Decision-Making

A company's ability to make the best decision in a given situation



Fast Execution

A company's ability to carry out its plans quickly and effectively



Enhancing Customer Experience, Point of Sale Efficiency

Context and Challenge

Fast growth, \$16.8 billion in revenue; 22,519 stores

Disruptors undercutting Starbucks' business

"Line anxiety recognized as major deterrent to sales in 2014.

High "balk rates" during peak traffic hours three times a day

How

Launched Mobile Order & Pay in Q416; nearly a third of sales made digitally

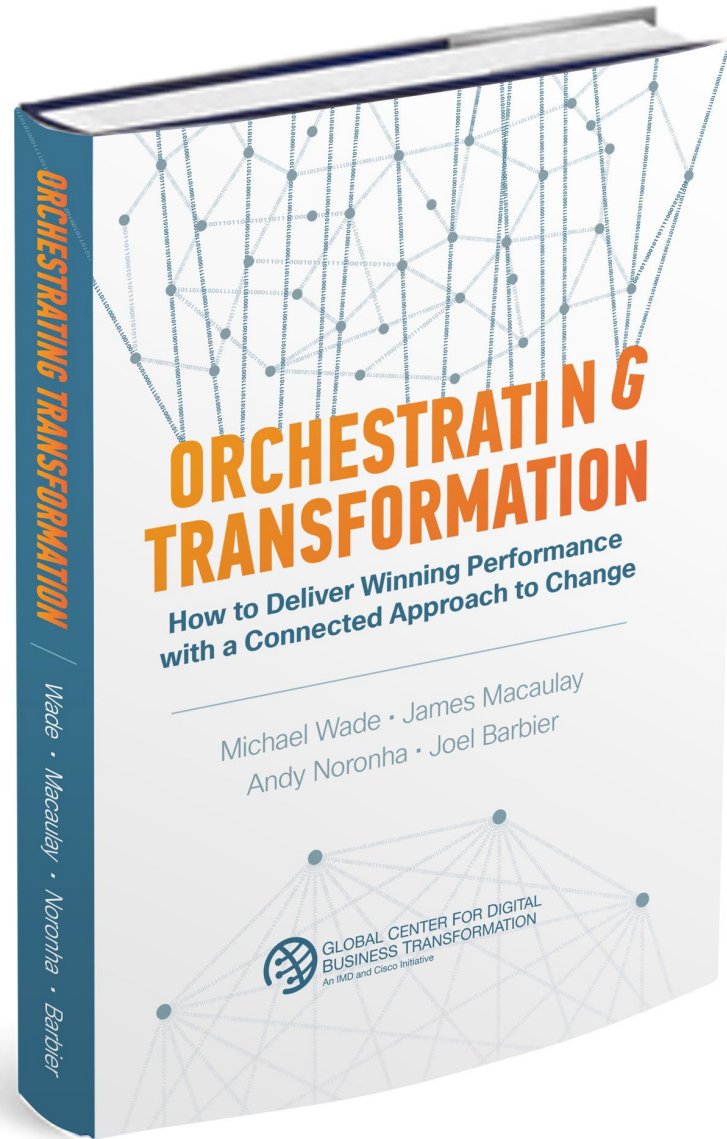
Outcome

Optimizing POS and customer experience:

>6 million MOP transactions processed in one month

Over 21% of total U.S. transactions paid using mobile app





Addressing the **How** of Digital Transformation



2019 Business
Book of the Year



#1 Business bestseller (Japan)



amazon.com
international bestseller

IMPLEMENTACIÓN DE LA

Cómo obtener un desempeño excelente
con un enfoque conectado hacia el cambio

Michael Wade • James Macaulay
Andy Noronha • Joel Barbier



CENTRO GLOBAL PARA LA
TRANSFORMACIÓN DIGITAL
DEL NEGOCIO
Una iniciativa de IMD y Cisco

Plataforma
Empresa

Addressing the How of Digital Transformation



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The Transformation Dilemma

95% of digital transformations **fail to meet expectations**

Transformation is not an event,
but a **perpetual leadership task**

Siloed transformation efforts often
lack synergy

Organizational
Entanglement



The Transformation Orchestra





A Connected Approach to Change

Challenge

Limited understanding of bank's digital future state

Functional silos limit adoption of digital capabilities

Usual question of "Where to start?" not helpful

How

Decade-long communication from leadership on bank's digital ambitions

Digitize offers by establishing "mobile first" experience for customers

To attract digital talent, change bank's culture and mindsets

Adopt agile and digital ways of working; promote online collaboration and social media tools; eliminate hierarchy status symbols

Work across functions on joint outcomes

Embed IT talent into diverse teams focused on customer-facing processes

Outcomes

20X more digital transactions than traditional ones

Digital customers drive higher revenue, lower cost to serve

Cisco's North Star

Transform our
business
models

Accelerate our
pace of
innovation

Increase the value
of the network

The background features a light blue and white color scheme. It is decorated with faint, repeating patterns of binary code (0s and 1s) and network diagrams consisting of interconnected nodes and lines, suggesting a digital or technological theme.

THANK YOU

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Your Toolset: Q&A

A Practitioner's Approach

Digital Disruption Diagnostic

	Your Value Drivers Examples	Which Business Models Threaten You Today?	Your Strategic Response
	Short	4-6 Years	4-6 Years
Cost Value	Free and Ultra-low Cost Hyper-Transparency Reverse Auctions Consumption-based Pricing Customer Empowerment Commoditization	Free and Ultra-low Cost Hyper-Transparency Reverse Auctions Consumption-based Pricing Customer Empowerment Commoditization	Retreat
Experience Value	Automated Instant Gratification Reduced Friction	Automated Instant Gratification Reduced Friction	Harvest
Platform Value	Ecosystem Co-branding Communities Digital Marketplace Data Orchestration	Ecosystem Co-branding Communities Digital Marketplace Data Orchestration	Occupy Disrupt

Organizational Resources by Instrument

Org Structure	Incentives	Culture
People - Executive team - Strategic key employees of chosen track - Expanding core positions of chosen track, clearly planning - Intending or planning members - Value creation (priority) - Organizational chart (priority) Tools - Organizational chart (priority) - Strategic key employees of chosen track - Expanding core positions of chosen track, clearly planning - Intending or planning members - Value creation (priority) - Organizational chart (priority) Info structure - Executive team - Strategic key employees of chosen track - Expanding core positions of chosen track, clearly planning - Intending or planning members - Value creation (priority) - Organizational chart (priority)	People - Executive team - Strategic key employees of chosen track - Expanding core positions of chosen track, clearly planning - Intending or planning members - Value creation (priority) - Organizational chart (priority) Tools - Organizational chart (priority) - Strategic key employees of chosen track - Expanding core positions of chosen track, clearly planning - Intending or planning members - Value creation (priority) - Organizational chart (priority) Info structure - Executive team - Strategic key employees of chosen track - Expanding core positions of chosen track, clearly planning - Intending or planning members - Value creation (priority) - Organizational chart (priority)	People - Executive team - Strategic key employees of chosen track - Expanding core positions of chosen track, clearly planning - Intending or planning members - Value creation (priority) - Organizational chart (priority) Tools - Organizational chart (priority) - Strategic key employees of chosen track - Expanding core positions of chosen track, clearly planning - Intending or planning members - Value creation (priority) - Organizational chart (priority) Info structure - Executive team - Strategic key employees of chosen track - Expanding core positions of chosen track, clearly planning - Intending or planning members - Value creation (priority) - Organizational chart (priority)

Measuring Readiness of In-scope Resources

		Monocentric	Emergent	Intermediate	Advanced	Expert
CHANNELS Route to market	People			✓		
	Data		✓			
OFFERINGS Products/service transformation	People				✓	✓
	Data				✓	✓
PARTNERS New ways to engage with partners	People		✓			
	Data	✓	✓			

20 Questions for Choosing the Right Strategy

	Yes / No
Has a competitor already disrupted a market that is appealing to you?	
Is there a robust value vacancy that you can target?	
Is there a path to establish a durable position of market leadership?	
If you were the original disrupter (i.e., not someone else), do you need to change the offering or how you operate to defend increased competition?	
Has there been a need disruption that disrupts the value vacancy in this market, meaning the whole landscape shifts?	
Total number of "Yes" answers	

Your Turn: Pick Your Transformation Challenges

Challenges: Capability Gaps That Stand in the Way of Achieving Guiding Objectives

- Typical transformation challenges: How do we best...
- Build a successful platform business model?
 - Attract and retain digital talent?
 - Create an innovation partner/channel ecosystem?
 - Rethink our customer experience?
 - Train and reskill our workforce?
 - Enable our partners? Partner with disruptors?
 - Avoid channel conflict?
 - Transform our corporate culture?
 - Reward risk-taking and experimentation?
 - Organize for orchestration? Create a separate digital unit, hire a CDO, for what role?

Mobilize: Which Instruments and Resources Do I Need?

	Channels	Offerings	Partners	Org Structure	Incentives	Culture
People	Channel mgt. Partner / supplier employees	Senior mgt. Employees in key departments Partner / supplier employees	Customer segments Sales/marketing Customer service, customer experience	Support, retailers, agencies, etc. Partner and channel mgt. Partner selection, onboarding, etc.	Executive team Senior mgt. Operating core Talent structure (strategy) Support staff	Senior mgt., self mgt., knowledge & innovation workers Contract workers
Data	Lead times, milestones Bottlenecks / service Customer satisfaction	Customer and partner data Pricing info, product performance	Headcount, salaries, profiles info Performance Building / facilities mgt., occupancy Skill sets, learning, development	Customer-ready use Innovation use Customer-ready use Customer-ready use Customer-ready use Customer-ready use	Information exchange standards Partner identity data Contract data Financial info	Organizational chart Senior / middle management Performance, benchmarking data Skill sets, learning, development Cross-silo, physical layout, pricing
Innovation	Data center, cloud, WAN, networks CRM / PRM apps Self-supply chain mgt.	Facilities, capital equipment Networks and communications Cloud public, private, hybrid	Customer-ready use Innovation use Customer-ready use Customer-ready use Customer-ready use Customer-ready use	IT assets Facilities Back-end Front-end Business applications and systems	Facilities Data center, cloud, networks, storage, telecom, mobility	Networks and communications Cloud public, private, hybrid Customer-ready use Innovation use Customer-ready use Customer-ready use Customer-ready use Customer-ready use

Enable Your Connections

Directions (continued)

How would you enable these resources to work together well, synergistically? Which actions would you take to enable good connections among these resources?

- Build foundational agility in the organization?
- Establish and share a clear vision for transformation?
- Create a durable workforce?
- Enable culture to promote experimentation and risk-taking?
- Enable corporate leadership?
- Implement agile ways of working and dynamic learning?
- Create career paths and role resolution plans?
- Others?

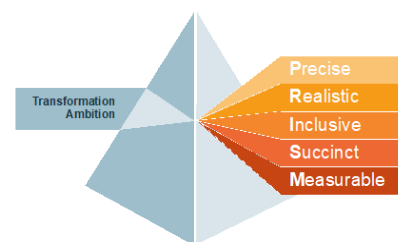
In the space provided, list the Key Actions required to enable your connections.

Enable Your Connections
Key Actions (Max. 100)

1. 2. 3. 4. 5. 6. 7. 8. 9. 10.

100

Effective Execution Requires a Well-Defined Transformation Ambition ("PRISM")



Digital Business Assessment

	1. My organization regularly captures and analyzes feedback from its workers.	2. My organization regularly captures data to use in decision-making.
1. Assess digital capabilities to highlight opportunities	- Completely agree - Somewhat agree - No opinion - Somewhat disagree - Completely disagree	- Completely agree - Somewhat agree - No opinion - Somewhat disagree - Somewhat disagree
2. Compare your organization to other companies		
3. Prioritize actions to drive change		

Digital Business Assessment "Heat Map" Illustration

