

**EXCELLING**  
*on a*  
**DIGITAL**  
**TRANSFORMATION**  
**JOURNEY**



# **EXCELLING** *on a* **DIGITAL** **TRANSFORMATION** **JOURNEY**

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**A Field Guide to Help You  
Define Your Success**

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**Therese Costich**



Quality Press  
Milwaukee, Wisconsin

Excelling on a Digital Transformation Journey:  
A Field Guide to Help You Define Your Success  
Therese Costich

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**The Global Voice of Quality®**

To my three kids, Egan, Corrine, and Caris,  
who keep me laughing every day and support me  
with *almost* every adventure I tackle.



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## Note from the Author

I started writing this book in December 2019 when the coronavirus, or COVID-19, was not even considered something of importance. Within a few short months, a pandemic was declared and COVID-19 was taking lives around the world. This deadly virus has resulted in both social and economic disruption.

Our world had already been experiencing industrial disruption (a.k.a. Industry 4.0), but adding this social and economic disruption spontaneously changed how we do business, regardless of whether your business is in financial services, manufacturing, healthcare, or retail.

*Social disruption* is a term used in sociology to describe the alteration, dysfunction, or breakdown of social life, often in a community setting. Social disruption implies a radical transformation, in which the old certainties of modern society are falling away and something quite new is emerging. Social disruption might be caused by natural disasters, massive human displacements, or rapid economic, technological, and demographic change but also by controversial policy-making.

The term *disruption* often connotes negativity, when it really should be considered an opportunity for eruption. The closing of one door is the innovative opening of another. Now is the time for organizations to create and proliferate (or wither and die).

There are several impacts due to disruption of this level. One is innovation. Innovation usually causes industrial disruption, such as the steam engine replacing the horse and wagon or the telephone replacing the telegraph. What we are currently experiencing with social distancing, home quarantines, “pausing,” stay-at-home mandates, and so forth is the disruption that is causing the innovation: innovation to adapt to our “new” life and how we do business.

Another impact is change in both technology and culture (both within organizations and sociology). These changes breed new consumer behaviors, which consequently inspire novel approaches to marketing and selling. Consider the difference in motivation between millennials and previous generations. Consumers are changing; in some ways they are more predictable about their purchases and in other ways they are less predictable.

A third impact is the shift from physical to virtual. The increased awareness and usage of mobile, cloud, and networked communities present a disruptive challenge of selling to consumers who only exist virtually. Consumer pricing questions are just a touch screen swipe away, and the need to react more quickly is more important than ever before.

Leveraging analytics for root-cause analysis, ongoing improvements, and overall real-time awareness of business performance is another impact due to disruption. If organizations are going to survive any form of disruption, being able to make decisions at the speed of thought based on overall business performance and market conditions is not only critical but essential.

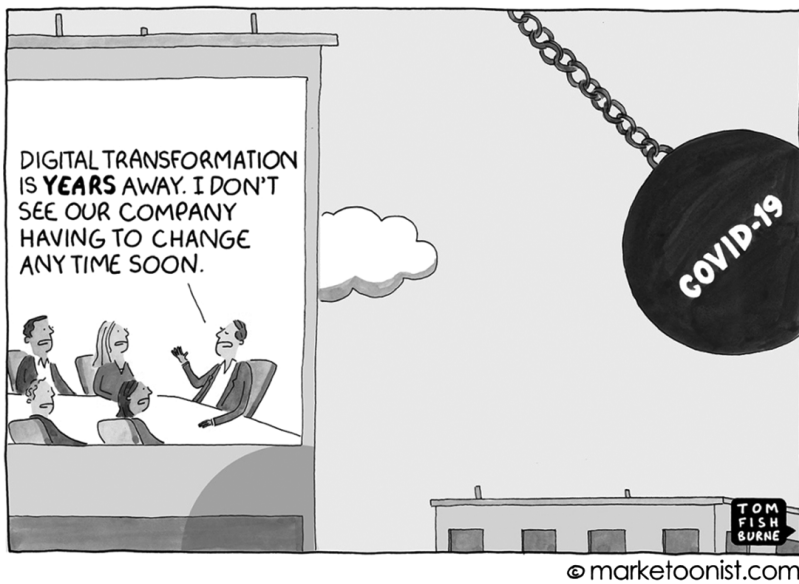


FIGURE 0.1 COVID-19 wrecking ball cartoon. Marketoonist, used with permission.

With disruption comes opportunities for everyone and all organizations—opportunities that allow organizations to redefine *how* they work as well as adopt a better way to serve their employees and customers. Disruption is an organization's awakening.

Social and economic disruption during the era of Industrial Disruption 4.0 forces our hand to *be* digital, not just *do* digital. The digital disruption of today compels new thinking and behaviors that end one trend while ironically giving rise to new awakenings that previously didn't exist. As Figure 0.1 alludes to, the pandemic has forced organization's timelines regarding digital transformation to change sooner than originally planned.

## Acknowledgments

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# 1

## WHAT IS DIGITAL TRANSFORMATION AND WHAT IS IT NOT?

*It is not about what it is—it's about what it can become!*

—Dr. Seuss

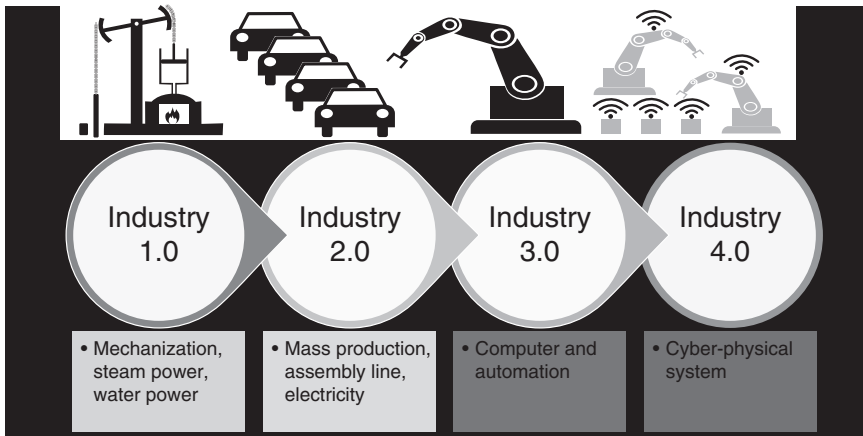
With today's technology and fast-paced innovations, the world is drowning in a tsunami of data. What companies do with the data and how they embrace the rapid changes of industry will shape their journey of digital transformation and, ultimately, their chance of survival.

### What Digital Transformation Is

So, what is digital transformation? Is it just another buzzword of today's techie world? Is it just another word for Disruption 4.0?

To better understand digital transformation, a review of the previous industrial disruptions will provide a foundation. Figure 1.1 defines Industrial Disruption 1.0–4.0.

Digital transformation is a component of Disruption 4.0. It is the process that surrounds an organization as it creates its digital platforms linking all sources



**FIGURE 1.1** Industrial Disruption 1.0–4.0.

Source: Vikas Mudgil, “Industry 4.0–The Digital Transformation,” *Education and History*, March 17, 2018. <https://yourstory.com/mystory/6c9afe6ee2-industry-4-0-the-digi>, accessed June 2020.

of data, thereby capitalizing on the sea of information that is engulfing it. It is enabling and empowering its employees to be more efficient and sufficient; to make better-informed decisions using data that are easily accessible; to link visual dashboards across an organization to create a centralized, operational excellence umbrella. It is the changes associated with the application of digital technology in every aspect of our lives as a customer, consumer, or employee.

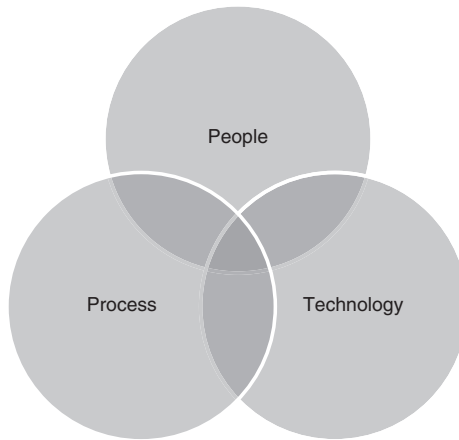
Digital transformation is about *being* digital versus just *doing* digital. So, what is really the difference? Let’s begin by first defining some key terms:

*Doing*: to perform an act or duty; to execute an activity or amount of work

*Being*: the way of existing; existence; a living thing

*Being* is part of an organization’s DNA. It is not just something that the C-suite, certain levels within the organization, or functional groups do. It is something that everyone does, from the CEO down through the organization. It is the fabric of the organization woven throughout each discipline. Understanding the concept of being and applying it to your daily tasks is the cornerstone of defining and shaping your organization’s digital transformation journey.

Other key terms include *people*, *process*, *technology*, and *infrastructure*. It is important to understand how these words pertain to a digital transformation journey.



**FIGURE 1.2** Venn diagram of the people, process, and technology that create the foundation of an organization’s infrastructure.

People, process, and technology are critical components of a digital transformation journey; combined, they create the foundation of the organization’s infrastructure. How a company approaches each of these components is crucial to its infrastructure and long-term success. As the Venn diagram shows in Figure 1.2, one component is not stronger or of higher value than the others. Each component can strengthen and add value to the other components by how it impacts the organization.

Listed below are generic definitions for each of these components. Most organizations should be able to relate to the definitions at some level. However, as with any successful initiative, the ideal plan isn’t a cookie-cutter approach but rather a well-orchestrated ongoing event with multiple complex parts that are tailored to the organization and its strategic goals.

### **People**

A company culture is composed of its people and is considered one of the most valuable assets of an organization. But to be well orchestrated, the culture has to have the right people with a clear vision of their digital transformation in leadership position. A successful journey requires support from the top down—the C-suite to the custodial staff. “Support” is not just words but also actions and “walking the talk.”

In addition to support and sharing the vision of a digital transformation journey, a company's culture also has to have the skill set to develop and implement a digital transformation initiative. This entails understanding all of the integral components and moving parts and how they relate to, and impact, the people, process, technology, and overall company infrastructure. Business, however, is not static; it reacts in a dynamic fashion to market conditions and trends. Organizations need to monitor their progress and performance, and if needed, redirect quickly and with minimal negative impact to the overall health of the business.

A study by Dell computers found that two of the key reasons for digital transformation initiatives failing are people-related. One is a lack of executive support, and the second is a lack of skills within the business to develop and execute the digital strategy.<sup>1</sup> If you have the right people in place, an organization should be able to trust them to make the right decisions for themselves and their work while following the fundamental principles set forth by the company. The other two components, process and technology, are compromised without the right people in place and a shared vision of their digital transformation.

## Process

Process is a complex component of the transformation effort. In general, organizations have to change the way they work, go to market, and innovate. They need to stay agile and be prepared for the next turn of events. This, however, is much easier said than done.

Many organizations think that digital transformation or “digitizing their company” is nothing more than throwing technology at their existing processes and automating processes across their business. For a company to be truly successful, this mind-set could be the dagger of death.

A Lean-Six Sigma project at a government contract manufacturing facility focused on reducing part of the financial closing cycle. The team leader of the project started with a SMART (specific, measurable, achievable, relevant, and time-based) goal of automating the process. After two months of working on the project and applying a variety of problem-solving and root cause analysis tools, the project leader disregarded the SMART goal. When



asked why, the team leader responded that automating the existing process would be the same old, inefficient process just now automated. The team recognized that the process needed to be streamlined by removing any non-value added steps. Once this was completed, the process went from 20+ steps down to 7 steps, therefore no longer needing to automate a process that was now efficient and “simple.”

The spirit of digital transformation is to improve existing processes or create new ones that are efficient and effective for a fast-paced climate. Processes need to be robust and agile to change. Processes, coupled with the people component, need to be designed so that people work more effectively, make smarter decisions based on insight provided by available data, and use the right tools that enable them to be self-sufficient.

Digital transformation impacts every functional discipline and aspect of an organization, including direct interactions with external customers. Therefore, the strategy that is developed for internal processes needs to also take into consideration the customer, how you go to market now, and how you will go to market in the future. This is an opportunity for an organization to envision big-picture outcomes with both internal and external processes, the impact to the customer and what is truly important to the customer, and how the employee can be more efficient in order to have a positive impact on the business and meet the customer’s needs more effectively.

## Technology

Technology is an enabler of change that can have a positive impact on an organization’s transformation. But, despite its capabilities, technology does not stand alone in the digital transformation journey. It supports, and is supported by, the other two critical components: people and process.

Companies have a tendency to buy technology without understanding the overall impact to the organization, its people, and its current processes as well as its future ones. Oftentimes, organizations buy the technology with expectations of retrofitting their people and processes to accommodate the technology. Or, the technology is not tailored for the entire organization, but rather certain disciplines or functions, thereby creating silo data warehouses that are not linked across the organization. This results in the challenge of having multiple versions of the “truth.”

Another critical consideration with technology is how it helps the organization achieve its strategic objectives and supports the foundation of operational excellence. Strategic objectives often fall into the categories of financial, customer, operations, and growth. Technology needs to be an integral part of the organization achieving its strategic objectives. The interaction of people, process, and technology can have a direct impact on all four general categories, when considering the speed, efficiency, growth, and response to market trends and the customer's needs and expectations.

If you have been part of any corporate initiative or restructuring, the culture (people) of the company has the biggest impact on the success of the event. Likewise, the culture most likely is impacted the most (and not necessarily in a good way).

## What Digital Transformation Is NOT

Before an organization can define what digital transformation means to the organization itself and what it will look like to its enterprise, it is important to also understand what digital transformation is not. Digital transformation is not simply moving files and documents from analog to digital. It is not a code name for layoffs or downsizing or “we are replacing your job with a new shiny robot or computer.” Implementation of robotics in industry is becoming more prevalent, but digital transformation with the implementation of robotics is an opportunity for the technical skill level of the employees to also evolve with the new innovation. Employees are considered valuable resources to an organization, not obsolete items.

Digital transformation is not an activity that belongs solely to the IT department. It is not an activity or initiative that only some levels of the organization have to do but others do not. It should also not be considered the “flavor of the month.” Digital transformation is definitely not about implementing new technology in the hope that, with this new technology, all of the problems within the organization will go away.

The name, in itself, should be an indication: transformation. Transformation is almost always large and significant. Transformation is an internal fundamental change in your beliefs as to the reasons why you perform certain actions.

Transformation does not require any external influence to maintain because of its fundamental nature. For organizations to be successful with digital transformation, the reward is the same as that for “moving a mountain.” If you can move a mountain, you can succeed in doing something that is very difficult and requires a lot of hard work. A good team working together can move mountains.

## Defining Digital Transformation for Your Organization

A successful framework for any organization, regardless of the industry, takes into consideration all three components (people, process, and technology) when designing its digital transformation efforts.

Table 1.1 is an example of a template that allows the digital transformation team to better understand what the people, process, technology, and infrastructure look like in current-day operations and what it would look like in digital transformation day-to-day operations. This template is used to start the process and generate discussion so the transformation team members are on the same page. The organization needs to define digital transformation and what it looks like. The information and discussion generated by completing this table will help create this definition.

**TABLE 1.1    Example.** How does your organization define people, process, technology, and infrastructure *now* and *after* a digital transformation?

General day-to-day operations	Current day-to-day operations	Digital transformation day-to-day operations
People	No clear strategic vision except at C-suite level	Strategic vision and objectives communicated to <i>all</i> levels of the organization, and quarterly updates and progress reports shared.
	Lack of communication about company goals and vision	See above

(continued)

General day-to-day operations	Current day-to-day operations	Digital transformation day-to-day operations
	Lack of analytical skills to convert data into insights or usable information	Training for all levels of the organization on basic analytical skills and interpretation of information and how it pertains to individual departments, functions, and overall operational excellence.
	Lack of understanding the importance or use of data and how they relate to “my job”	See above
	“Data and business analytics are not my responsibility” mentality	If employees are trained on the importance of data and the insight the data provide, and empowered to make decisions based on the data, this can change their mentality and make their jobs and day-to-day tasks more efficient for the organization and themselves. It is a win-win.
	Lack of leadership support or visibility	Leadership team needs to instill some basic humble skills and support initiatives throughout the organization. Participate in stand-up meetings, morning market meetings, and lean leader walks.
	Lack of employee buy-in; every initiative is just the “flavor of the month”	Build the trust of the leadership team and empower the employees, assuring them that they have a say in day-to-day operations and the digital transformation journey and vision. Cross collaboration of functions and levels.
	Bureaucracy; employees are not empowered to make decisions or even suggestions	Answer above. Include in employees’ performance reviews metrics that tie back to empowerment and ownership.
<b>Process</b>	Difficult to access data; employees are not sure how to use the data for insight	Technology exists that can overlay legacy systems and easily extract the data, allowing for analytics and insight into the process.
	Manual processes do not generate usable data	See above
	For processes that do generate data, it is difficult to access the data or IT must be asked to generate a report to access any data	See above

General day-to-day operations	Current day-to-day operations	Digital transformation day-to-day operations
	Validity of the data is questionable, as there is more than one source of data for the same process	Technology exists that can overlay multiple platforms and legacy systems, thereby providing a single source of truth that is easily accessible by all functions across an organization.
	Lack of standards and expectations are not known	Ongoing communication and training are critical, especially during a digital transformation rollout.
<b>Technology</b>	Database silos	Technology exists that can overlay all legacy databases for a centralized look and feel.
	Difficult to access data	See above; technology exists that is user-friendly to access and that will provide insight so the employee or operator can make decisions. Results are empowering people to make the organization more efficient and effective.
	Difficult to determine insight from the data; lack of analytical tools built into the databases	See above; train employees on system, analytics, and interpretation.
	Data can be easily manipulated to reflect more positive outcomes	Technology that overlays legacy systems and multiple platforms will prevent any data interception and manipulation. There is a single source of truth.
	The legacy data are old but work for what we need them to do to meet the customer requirements today	Technology exists that will overlay legacy systems and provide a seamless method and still meet customer requirements. Better analytics and interpretation will provide more insight to the customer and better meet their needs.
<b>Infrastructure</b>	Decentralized organization	Centralized organization strives to reach or exceed strategic objectives.
	Functional groups within a business unit do not work well together. No cross-functional efforts.	A successful digital transformation requires collaboration across the organization, both vertically and horizontally. It is a team approach that drives success.
	No clear strategic vision except at the C-suite level	Strategic vision and objectives are communicated to <i>all</i> levels of the organization, and quarterly updates and progress reports are shared.

(continued)

General day-to-day operations	Current day-to-day operations	Digital transformation day-to-day operations
	Different functional groups access different databases, so no one function is using the same set of data, and thus there are multiple versions of the truth	Technology that overlays legacy systems and multiple platforms will prevent any data interception and manipulation and result in a single source of truth.
	Partners—is it based on price, product, service, convenience? What <i>really</i> is the relationship?	Digital transformation requires partners to be cohesive with customer’s business outcome needs and willing and able to deliver on those needs in real time (or near real time).

Start defining what digital transformation looks and feels like for your organization. Using the template in Table 1.2, describe what people, process, technology, and infrastructure look like in your organization in regard to general day-to-day operations. Then describe what they look like in regard to a digital transformation journey.

*When you don’t have a vision or a plan for the future, your mind has no choice but to dwell in the past.*

—Steve Maraboli

**TABLE 1.2** How does your organization define people, process, technology, and infrastructure *now* and *after* a digital transformation?

General day-to-day operations	Current day-to-day operations	Digital transformation day-to-day operations
People		

General day-to-day operations	Current day-to-day operations	Digital transformation day-to-day operations
Process		
Technology		
Infrastructure		

**Note**

1. Alice Pearce, “People, Process, and Technology: 3 Steps to Digital Transformation,” *Cloud Transformation*, January 30, 2018, <https://everycity.co.uk/blog/cloud-transformation/2018/01/people-process-technology-3-steps-path-digital-tranformation/>, accessed March 18, 2020.

