

Digital Transformation:

Bridge the Skills Abyss with Multidisciplinary Customer Experience and Operational Excellence Teams

By: **Connie Moore**

The Essentials

Digital transformation is in the eye of the beholder: one firm's transformation project is another firm's legacy replacement project. But to most executives, digital transformation involves deploying digital technology to *radically enhance engagement and loyalty from the customer's viewpoint* across all business functions that touch the customer – while increasing value, driving productivity, and managing risk. With such broad objectives, digital transformation is typically delivered in phases and broken into parallel projects.

Business stakeholders, technologists, and marketers each have a stake in delivering digital transformation success. But, depending on the firm's sector and its C-suite leadership, digital transformation projects will most likely be seen through one of two lenses: customer experience (CX) or operational excellence (OPEX). Limiting the scope to one focus is a mistake. Large-scale digital transformation projects should address both perspectives, and project teams must tap into both skill sets.

Successful initiatives will combine a rich mix of business stakeholder experience, technology expertise, and marketing insights, coupled with deep skills in customer experience and operational excellence.

The Scope and Scale of Digital Transformation Often Dictates a Diverse Mix of Skills

Digital transformation is on every forward-thinking business executive's radar, catalyzed by management consulting firms and visionary thought leaders extolling transformation at conferences, in bestselling business books and magazines, and on television. But what, exactly, does digital transformation mean within the C-suite and the enterprise, and how does an organization go about delivering such a tall order? Depending on the firm, digital transformation could encompass any of the following:

→ **Reinventing strategic, end-to-end, cross-functional business processes.** In this

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scenario, the Chief Customer Officer or another C-suite executive could drive major change by introducing new technologies that transform customer experience and business operations that span marketing, sales, forecasting, production, inventory control, shipping, accounting, and post-sales customer service. The objective is to radically improve the customer experience while lowering costs, increasing productivity, and reducing risks by continuously improving internal operations, activities, and business processes. Such a broad, strategic scope is a huge undertaking – if not breathtaking. *Efforts with this scope and scale require a broad mix of skills drawn from the lines of business, IT, marketing, CX, and OPEX professionals.*

→ **Replacing old channels with one or more new, digital channels.** Despite being in a digital economy, many enterprises still rely on old-style communication approaches such as telephone, incoming mail, forms, and even fax. Moving to email, chat, or social channels is a radical departure and could easily be seen by the C-suite as digital transformation, even though the focus may actually be a modest change in the overall customer experience. Still, such a moderate, phased approach to customer

experience could easily be seen as transformational. *Channel initiatives require skills from CX, IT, and the lines of business.*

→ **Driving profits and productivity in the back office, while lowering risk.** In this scenario, the COO of a financial firm could implement digital technology across a sweeping number of back-office business functions, such as trade confirmations, reconciliations, payments, clearance, tax processing, and transaction reporting with an eye toward improving productivity while continuously improving business processes. Such a change could be seen as digital transformation even if the focus is not on customers, per se. *These projects require skills from the lines of business, IT, and OPEX practitioners.*

There are many variations on the scope and purpose of digital transformation initiatives. Projects can range from more narrowly scoped projects that solve a thorny problem to widely scoped projects that address many new customer journeys and experiences. All of these projects fall under the rubric of digital transformation and all require careful consideration about where to find staff with the appropriate skills.



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Align the Right CX and OPEX Expertise with the Digital Transformation Effort

Most large enterprises have teams that specialize in transforming or continuously improving business processes to provide greater value to customers and improve internal operations. Employees with these highly sought-after skills include:

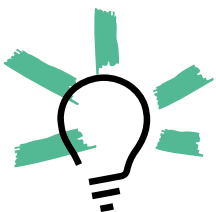
→ **CX practitioners.** These experts concentrate on improving, reinventing, and transforming customer-facing, customer-centric activities, processes, and channels. CX specialists often report into the line of business executive or the Chief Customer Officer but can work in marketing or IT. These specialists are skilled in customer journey mapping, voice of the customer, Lean CX, service design, and other related methodologies. They seek to identify customer touchpoints, implement or transform digital channels, and identify moments of truth within the customer journey. *CX practitioners have an outward focus.*

→ **OPEX practitioners.** These process specialists focus on activities within business operations that are somewhat removed from the customer. However, operational processes usually touch customers in some way and can be vastly improved when team members adopt a CX mindset within OPEX projects. Many Lean practitioners who work on business operations will quickly tell others that Lean

is firmly rooted in creating customer value. Although discussions typically veer into eliminating waste, Lean's overall goal is to create customer value for price, quality, features, and availability. OPEX specialists – who typically report into the COO's organization, or sometimes IT – excel at Lean, Six Sigma, TQM, and other DMAIC methodologies. *OPEX practitioners have an inward focus.*

Usually, these two groups work independently of one another and know little about their counterparts' efforts, skills, or methodologies. *They live in different worlds: CX practitioners typically work on front-office projects while OPEX staff focus on the back office.* They do not readily understand each other's viewpoints, approaches, or value proposition. Often a gaping abyss separates the two, which could become a problem when launching wide-ranging, cross-functional digital transformation initiatives.

Project champions and leaders need to tap the skill sets of both groups – but often don't realize it. Organizations can easily miss including different types of expertise across the enterprise when embarking on digital transformation. Any company that launches a digital transformation effort that spans the front, middle, and back offices must find a way to tap into and leverage the skills, expertise, approaches, methodologies, and insights of both (admittedly dissimilar) groups. Table 1 describes the two types of practitioners.



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Table 1
Role and Focus for CX and OPEX Practitioners

Characteristics	 Customer Experience	 Operational Excellence
Goal	Understand and delight the customer across a wide range of channels; build customer insights through data and analytics; look at the business from the outside in.	Operate the business cheaper, better, faster while delivering value to shareholders and stakeholders; look at the business from the inside out.
Measurement	Net promoter, CLV (customer lifetime value), click-through rates, voice of the customer (VoC), customer satisfaction surveys, customer effort score, customer churn, revenue.	KPIs (key performance indicators), defects, risk management, quality metrics, safety metrics, employee satisfaction, cash flow, ROI, revenue, profit, EBITA.
Tools	Customer journey mapping, personas, customer needs framework, agile discovery, Lean customer experience, cause/impact of failure.	Lean, Six Sigma, Kaizen, value streams, Agile, Deming Cycle, Pareto analysis, Target Operating Model.
Orientation of project team members	Primarily right-brain thinking.	Primarily left-brain thinking.
Focus	Experience design, emotional design, design thinking.	Continuous improvement, process transformation.
Maturity of the discipline	Immature, emergent.	Mature, established.
Typical sponsor	CX exec, customer service exec, CMO, CIO, other C-level exec.	COO, CIO, CEO, other C-level exec.
Typical technology focus	Single and multichannel, omnichannel, CRM, e-commerce, web content management, customer analytics, content analytics, customer communication, mobile apps, social, machine learning (emerging focus).	BPM software, process modeling, business rules, robotic process automation, enterprise apps (ERP, SCM, PLM), content management, mobile apps, machine learning (emerging focus).
Process orientation	Immature, not typically focused on end-to-end processes.	Mature, focused on end-to-end processes.

IT, Lines of Business, and Marketing Staff Also Play Important Roles

Executive champions and stakeholders for the transformation initiative also need to involve IT, marketing, and the business people who engage with customers daily. Here's why:

→ **IT has the skills and experience to drive big-budget, high-risk projects that span the enterprise.** Few – if any – other groups within the enterprise have the project management and technology expertise to analyze and deploy cross-functional business technology solutions. IT has the enterprise architecture experience and application development skills necessary for large CX and OPEX implementations. Typically, IT brings Agile methodology to the table; sometimes, IT has CX and OPEX practitioners and may even have organizational change management experts to help create culture change. For this reason, CIOs are often tapped to lead or co-lead digital transformation initiatives, and IT plays an important part in digital transformation projects.

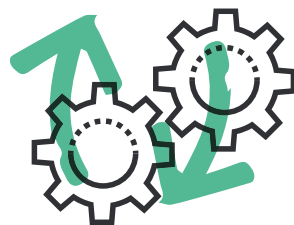
→ **Business analysts within the business functions have essential domain knowledge about customers and processes.** Many functional departments have business analysts that work on a variety of projects. In addition to core soft skills such as communications, stakeholder management, and critical thinking, business analysts may have expertise in process modeling, data analysis and modeling, analytics, Visio, wire frames, and other areas. Business analysts do much of the heavy lifting in discovery and requirements analysis and are invaluable on large-scale, cross-functional transformation efforts.

→ **Marketing often has a strong understanding of channels, VoC, customer journey mapping, and websites.** If marketing has strong CX project skills, it is usually tapped to lead portions of the project, such as developing personas and journey maps for new digital channels (e.g., social, email, mobile apps, and chat) or creating new websites. In some instances, marketing staff may be seconded to the transformation project and asked to help transfer knowledge to other staff without CX experience.

Who's in Charge?

Sometimes, executives assume that digital transformation must be driven by the CMO and marketing professionals. Yet, in most firms, marketing does not usually own or lead large-scale digital transformation projects. Instead, leadership typically goes to a digital transformation executive champion (such as a Chief Customer Officer or Digital Transformation Officer), the line of business executives most closely impacted by transformation, or the CIO. Why is this the case, when marketing and customer experience are so closely linked? There are several reasons, including these:

→ **CMOs have their hands full** transforming marketing to meet the new demands of a digital world. Their attention and work



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cycles are absorbed by efforts to shift the organization to be driven more by data, analytics and insights, and by implementing marketing automation and new channels, creating more content marketing, aligning innovation with marketing, and using emotional design to create compelling products.

→ **CMOs don't have the large-scale, cross-functional, end-to-end experience** that digital transformation often requires. Instead, this level of experience resides in IT, a department accustomed to large-scale, big-budget, high-risk projects. Fortunately, CIOs often have rotated into IT from the business, and often from marketing, providing business insights in addition to technology expertise.

Digital Transformation Requires a Multidisciplinary Approach

All digital transformation projects should have a customer-centric slant, even if the firm's focus is initially on business operations. Figure 1 shows the four broad disciplines that typically comprise a large digital transformation project:

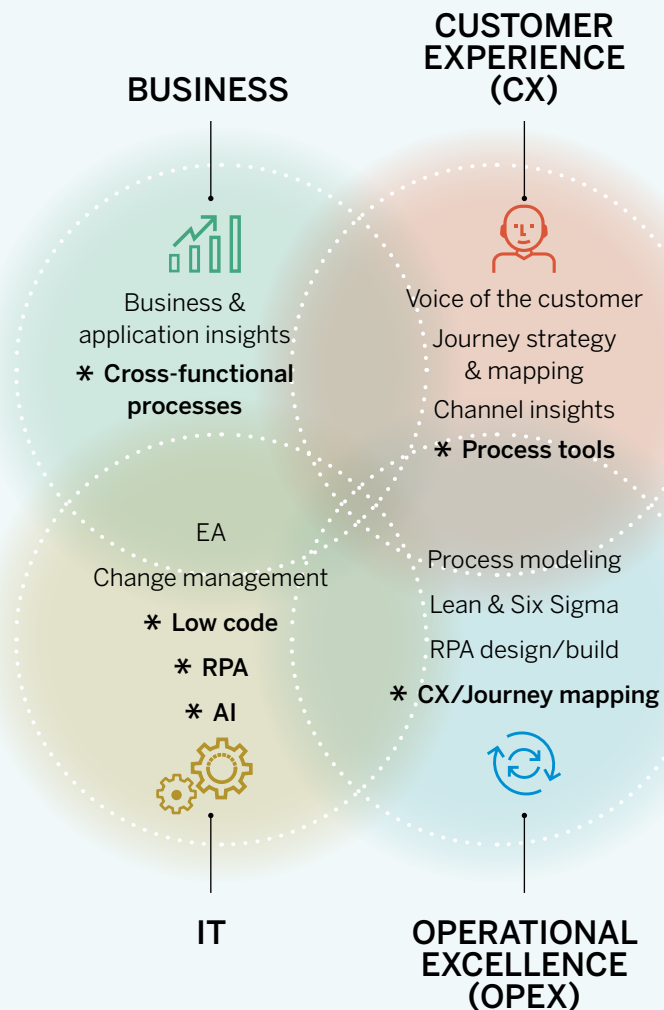
1. business stakeholder,
2. technologist,
3. operational excellence practitioner, and
4. customer experience practitioner (which could be drawn from marketing).

Collectively, individuals with these skills and experiences form a multidisciplinary team that involves key stakeholders (business and IT) while also drawing upon the best that CX and OPEX methodologies have to offer.

Figure 1
What goes into a large digital transformation project?

Digital transformation initiatives require a cross-functional multidisciplinary team

Roles and responsibilities are defined, but the lines are blurring and cross-training is essential



* new skills to be developed or strengthened

Call to Action

Digital transformation champions must realize that diverse skills and expertise are crucially important for big-stakes initiatives. Leaders must select staff from across the enterprise and meld them into one or more cohesive, multidisciplinary teams. Otherwise, the initiative risks focusing too heavily on the front office while ignoring business operations. Or, conversely, the emphasis will be on transforming the back office while tuning out the voice of customers.

The need for cross-functional, multidisciplinary teams is often unseen. The key is to start now, even if the firm has not yet embarked on digital transformation. Building awareness and cross-training CX and OPEX practitioners can help other projects with more limited scope. The following steps start simple and graduate to greater degrees of skills transfer:

- **Schedule periodic meetings** where CX and OPEX practitioners share insights about skills, methodologies, and project experiences. This best practice should be done no matter what the organization's timetable is for launching digital transformation.
- **Have OPEX staff observe VoC and journey mapping sessions; have CX practitioners participate in process reviews.** This cross-training best practice is not only for digital transformation initiatives, but other business technology projects too.

- **Assign CX and OPEX employees to work in opposite teams (outside their skills) on customer-centric projects that are not digital transformation.** For example, select a back-office project that impacts the customer for the CX staffer, and a front-office process which could use Six Sigma for the OPEX staffer. This cross-training best practice should start now instead of waiting for a large-scale digital transformation project.
- **Certify one or two practitioners in a methodology outside their domain experience.** For example, a CX practitioner could get a Six Sigma white belt, or an OPEX staff member could get an entry-level CX certification. This would help build confidence across the teams and create champions for the new methodologies inside their own domains.
- **Assign CX and OPEX specialists to work together on customer journey mapping** that includes front-office functions but also requires back-office support from business operations.
- **Create co-located, multidisciplinary teams that work together on digital transformation.** Most large initiatives are divided into several parallel projects. Use different approaches to cross-train staff working in each project. Match team leaders to their domains, but have them coach a junior person from a different domain. This best practice is for large-scale digital transformation projects getting ready to launch.

About Deep Analysis

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