5 Good Ideas for

Demystifying Digital Transformation

Marina Glogovac,
President & CEO, CanadaHelps

CanadaHelps.org
giving made simple

Goals of the Presentation
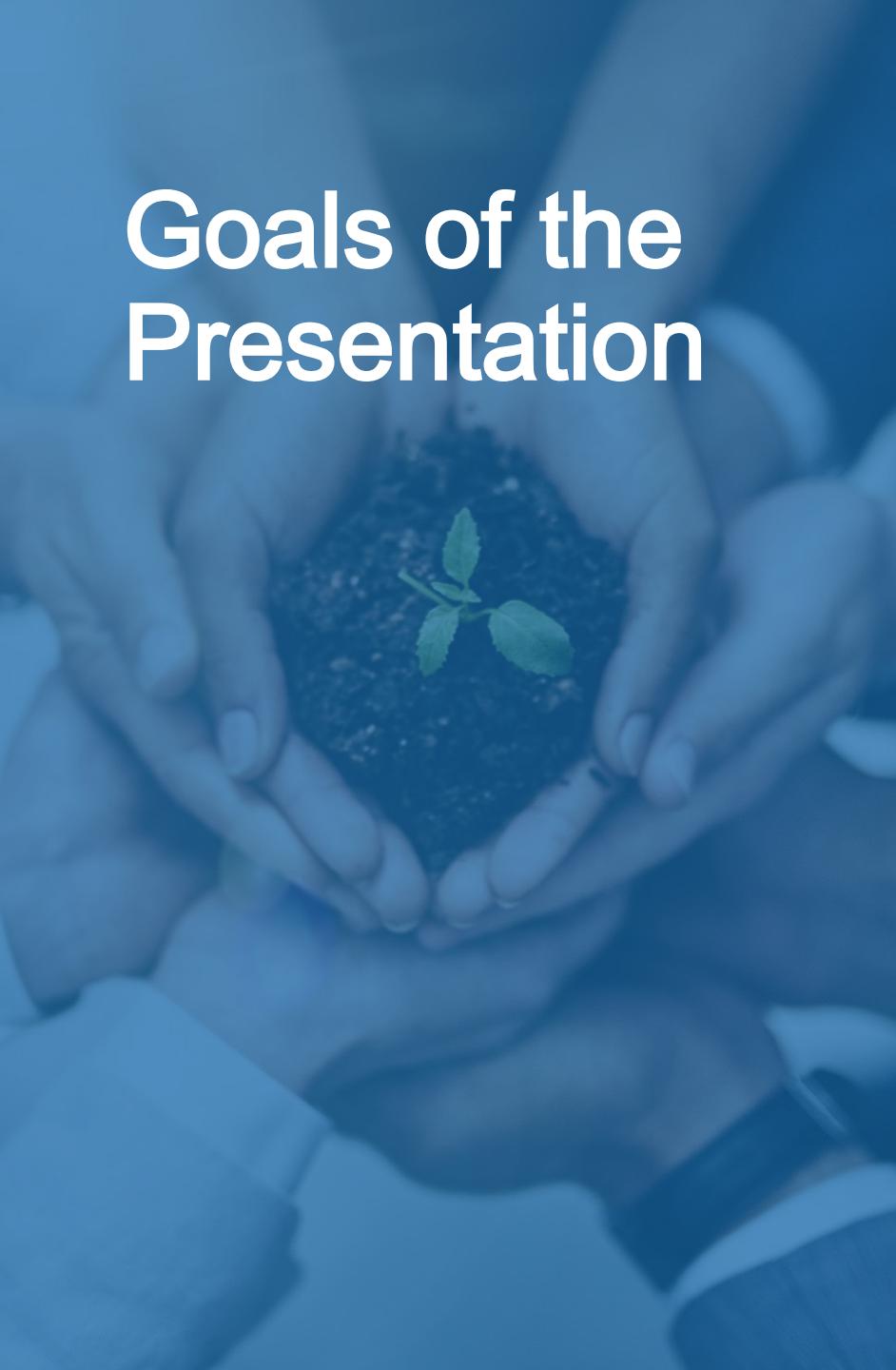
- Create a shared understanding about what Digital Transformation is, and why it matters

- Share best practices for success

- Understand the role of culture, change management and leadership

Key Thought

Thriving in the digital economy will require a move from merely adopting digital tools to broader organizational transformation.

This move asks for deep changes—organizational, cultural, and leadership.

"Technology advances quickly, yet organizations and skills tend to move at a slower pace."

-MIT Initiative on the Digital Economy

What is the Digital Economy?

- Continuous technology-driven disruption
- Unprecedented connectivity drives globalization
- The proliferation of data volume & access
- The age of influence...we trust our friends more than traditional authorities
- New technologies: Cloud, A.I. & Machine Learning, Messaging apps & chatbots, IofT, V.R., Blockchain, Cryptocurrencies, Invisible & Zero UI
- Online commerce and online giving are fast growing
- Rapidly changing Donor/Consumer expectations—customers have higher expectations for ease of interacting with businesses than ever before
- New and emerging jobs/roles and ways of working

REIMAGINING of business in the digital age is digital transformation.

(Salesforce)

The Pandemic Accelerated All Things Digital

In the for-profit world:

- 77% of CEOs reported that the COVID-19 crisis accelerated their digital transformation plans.
- 57% of survey respondents said that the coronavirus pandemic had "significantly changed their organization's strategic priorities. The immediate focus is now on survival
- 52% of companies say they will increase their spending on digital transformation.
- Nearly half of small and medium businesses surveyed said they are currently planning to engage in activities that will help them adapt and transform their businesses for a digital future

Smaller businesses, like charities, have smaller budgets and shorter time periods to transform – so they need to simplify their approach and prioritize.

"The fact of the matter is that digital transformation is happening whether businesses are ready or not – and the pandemic has certainly catapulted this movement. Businesses that fail to adapt will fall behind even quicker as their competitors advance with tech."

– Jaydip Parikh, Business.com

Idea #1: Digital Transformation is Not About Technology

Digital is often viewed as something new that IT does, or digital marketing work, and that is the #1 reason it fails. What is needed is a holistic view of what digitally-driven transformation really means, and an understanding of the connection and integration of old and new, in order to transform.

- Digital Transformation is a fundamental shift in how organizations operate and deliver value to their stakeholders.

- It requires a new culture driven by a digital-first, "what else is possible" mindset, ambition and data-driven decision making.

- It touches every part of the organization, and needs to be championed by senior leadership who themselves need to be able to lead this change.

- It requires new skills and behaviours, new ways of working and collaborating, and new cultural and leadership norms.

- It is redefining the story of who we are and what we do.

- It is an ongoing, iterative journey with no clear end.

Common Digital Transformation Challenges
Hint: Digital transformations never fail because of technology!

The majority of digital transformations fail. Some of the key reasons include:

- Lack of coherent business strategy/vision to anchor the efforts.
- Over-reliance on outside consultants and a mindset that one size will fit all.
- Employees' fear that the outcomes will potentially displace them may sabotage efforts.
- Poor communication.
- Lack of a "startup" mentality (agile decision making, rapid prototyping and flat structures). Hierarchies and layers of approvals are at odds with the quick learning and tweaking that needs to happen.
- The illusion that merely implementing technology is enough.
- Treating digital transformation as an event vs a multiyear journey.

Industry	Success %
Digital -savvy industries (high tech, media, telcom)	26%
Traditional industries (oil & gas, auto, pharma, etc)	4-11%

Source: Forbes, Harvard Business Review

If you don't change the organizational mindset and work on it systematically, you will not be successful.

Idea #2: You Need the Right Technology, and Integration is as Important

A logical starting point is setting up some basics for future growth and success, as part of a broader plan:

- Mobile-optimized website

- Optimized home pages

- Online donation forms

- Social media channels strategy

- Email marketing capability

- Donor Management System

- Workforce productivity tools

Proper integration between systems is KEY

Prioritizing Change

In February 2021, CanadaHelps surveyed more than 1400 charities about their knowledge and use of digital tools, as well as the barriers to adopting more digital into their organizations.

- 54% of charities believe they'll soon find it harder to do what they do if they don't improve their digital capabilities.

- Approximately 55% to 60% of all respondents say they don't have enough funding and don't have the skills, expertise and knowledge for greater use of digital tools.

- But what really stands out from this survey – and is most worrying – **is that nearly half of charities surveyed did not see digital as a top priority.**

"Transformation is hard. Digital ones are harder."
-McKinsey & Company

Highlights here represent one group (the largest) of the survey respondents. The full report will be released in May 2021.

Idea #3: You Need a Clearly Defined Vision and to Address Four Areas:

- Donor Management
- Internal productivity
- New service and revenue models
- Culture and roles

Multi -dimensional View of Digital Transformation

Donors / Customers	Internal Productivity	Service & Revenue Models
- Donor touchpoints / engagement - Acquisition & retention - User experience - Donor data / analytics capability - Cross-channel experience, unified data - Predictive modelling	- New processes, new norms - Technology integration - Communication and connectivity - Knowledge / information sharing - New levels of transparency - Data-driven decision making - Workforce empowerment and tools; higher productivity - High performance enablement	- Transition current models to digital - Digitally enabled partnership and collaboration opportunities (ecosystems) - New opportunities & business models that add new value - Self-disruption - Metrics/Impact driven

Systems level integration = organization and business change

The Importance of Culture

The biggest cultural challenge is a resistance to change – it's powerful and can be completely covert.
- Recognize that fears are real.
- Over communicate and create opportunities for regular feedback and input.

Leaders are powerful levers for organizational culture change.
- These efforts require different leadership skills – not just from the top of the organization, but from everyone involved.
- Senior leadership needs digital skills and it is one of the keys to transformation success.
- Create a culture of experimentation and learning, foster a sense of urgency, and ensure collaboration across units.

Empower people to work in new ways.
- Reinforce new behaviours through formal mechanisms.
- Give employees input on where digitization can and should be adopted. Employees generating their own ideas about how digitization can support the business led to organizations being 1.4 times more likely to report success.
- Ensure people across the organization reinforce change encourage employees to challenge old ways of working.

Infuse your organization with some start -up culture.
- Agile behaviour, quick decision making, short feedback cycles, calculated risk taking and learning, flat organizations.

Idea #4: Change Must be Resourced

- Make a case to your funders, Board, and other stakeholders for why this is key and why investment is needed.

  - What is the cost to your organization of not transforming?

- Transformation will not happen overnight – it will take careful, calculated adoption and it is ok to start small. However, budgeting for continued momentum is a must.

- Many successful transformation projects start with low-cost pilots and limited resources that are scaled up once the results are proven.

- Done well, digital transformation can be self-sustaining. The financial benefits of each incremental improvement can pay for the next leg of the journey.

You Must Invest in Digital Talent

We need to acknowledge the skills/knowledge gap honestly.

- More than half of the companies surveyed by Statista faced "skill gaps," as their current employees did not have the training or knowledge to utilize new technology.
- In CanadaHelps' research, the majority of charities surveyed rate their knowledge and skills as "fair," "poor" or "not aware" for 13 digital tools and software.

Digital transformation success is more than three times more likely in organizations that invest in sufficient digital talent.

- **This talent is in high demand and incredibly expensive.** Charities are going to have to change the way they think about staff salaries – which is a major paradigm shift for people in the sector, and funders.
- **There is room to develop the skills of existing staff,** but to be successful, skilled leadership will need to be brought in.
- There may be opportunities for charities to use **highly-skilled volunteers** to complement their in-house skills.

New roles will need to be created and the existing ones will need to be redefined to bridge gaps between digital and traditional parts of what you do and align with transformation goals.

- Integrator roles will be critical for bringing old and new ways of doing things together and eliminating silos.

Idea #5: Go Digital or Go Dark.
A sense of urgency and ongoing commitment to digital transformation is critical for future survival and success.

- For most organizations, operating digitally has been the only way to stay in business through COVID shutdowns.

- In this digital age of uncertainty and disruption, there is an urgency and pressure on the charitable sector to embrace digital transformation. We should see it as an enabler of positive change.

- A 100 employee or less firm is reported to have 2.7x the success rate of achieving its transformation objectives versus a 50,000+ employee one – charities' size will actually help them if they are able to act nimbly and with a sense of urgency.

- Set up a cross-functional team that will lead the effort, gain input, and communicate. Remember that this is an organizational-wide effort – don't silo the transformation with a single team or function.

- The *why* matters as much as the *what*. The key to a successful digital transformation program is making sure that people being affected by it believe that the program is worth it.

The Benefits of Going Digital

Efficiency and productivity in operations: automating manual tasks and keeping the focus on revenue generation and Mission-work.

Increased Impact and better Impact stories: technology can remove barriers and reach new constituents and generate data to better communicate impact

Better serving donors: Digital systems like a Donor Management System enable better access to and understanding of donor needs and behaviours, shifts in demands, or emerging trends.

Agility : With data to drive decisions, and cultural flexibility, digital organizations can make decisions faster and adapt quickly.

Best Practices for Digital Transformation – Summary of Research

Understand your organization's needs and gaps, then prioritize.

- Identify and document specific issues that need immediate attention.

Don't transform everything at once.

- Digital transformation is a journey, not a destination. Particularly in charities where funding and time shortages, as well as skill gaps will persist, taking a staged approach will mean greater chance success.

Collaborate, communicate clearly, and bring the organization along.

- Help staff and clients understand how the changes will benefit them. Clear storytelling by a leadership is one of the biggest factors in success.
- Open the lines of communication, giving everyone an opportunity to express their concerns.
- Get input from the people most impacted by the change.
- Transparent communication with employees will help them embrace changes in the work environment.

Be obsessed with the donor.

- Donor expectations are higher than ever, and they are less accepting of bad experiences. Engagement and stewardship of the future must go beyond direct mail campaigns or a generic email.

More Best Practices for Digital Transformation

Collect data in a centralized system and make it useful and actionable to create consistent, enhanced, and customized experiences to better serve your customers (donors and clients).

- Look for more modern, automated and integrated solutions that will enable you to spend less time on process and more time on decision making and activities that can help grow the business.

- Consult with trusted vendors and advisors that can provide you with different approaches to help you meet your objectives, and provide clarity around the costs, resources, timelines other factors.

Integrate technology, systems, and processes.

- Implementing disparate systems that don't integrate with each other is a common mistake. This leads to a complex system that speaks multiple languages – making collaboration, upgrades, and maintenance a challenge.

- Integrate practices and designate staff as integrators.

Seek outside help.

- Most charities won't have all the in-house skills they need to transform their organizations. Consultants protect investments, mitigating risks and serving as lifelines if projects go astray.

- But trust in your internal knowledge as well, and choose consultants wisely.

Resources

1. CanadaHelps' Whitepapers on Digital Fundraising
   https://www.canadahelps.org/en/for-charities/white-papers/

2. CanadaHelps' Webinars on Digital Fundraising
   https://www.canadahelps.org/en/for-charities/webinars/

3. Unlocking success in digital transformations, McKinsey & Company
   https://www.mckinsey.com/business-functions/organization/our-insights/unlocking-success-in-digital-transformations

4. The Giving Report 2021
   https://www.canadahelps.org/en/the-giving-report/

5. Book: The Technology Fallacy. How People Are the Real Key to Digital Transformation. By Gerald C. Kane, Anh Nguyen Phillips, Jonathan R. Copulsky, and Garth R. Andrus

Photo is a rescued baby black bear from Ontario charity, Bear With Us.