

By BARTON GOLDENBERG

5 Building Blocks for Digital Transformation

Keeping up in these areas lowers your company's risk of being disrupted

SIXTY-NINE PERCENT of decision makers use social media for purchase decisions. Ninety percent of buyers trust peer recommendations. Ninety-four percent of B2B buyers conduct online research before making a purchase. Companies like Amazon and Alibaba continue to raise the bar, forcing every company to rethink its digital strategy. Companies such as Airbnb and VRBO continue to wreak havoc in the hotel industry and threaten to disintermediate additional industries. Uber and Lyft have transformed the taxi industry using powerful digital tools.

No wonder 89 percent of executives say digitization will disrupt their businesses this year. Yet less than one-third of these executives believe that their digital strategies are correct, and only 21 percent believe the right people are setting their digital strategies. What is causing this disconnect, and why are so many digital transformation projects underperforming or outright failing?

Based on my 34 years in the CRM industry working with many of the world's best companies, I have concluded that executives are still not sure how best to tackle digital transformation; they do not have the right road map to drive digital transformation success; and they are falling short in one or more of these five building blocks:

1. CRM. At the core of every successful digital transformation are holistic customer profiles that get leveraged at each step of the transformation. Most companies need to spend more time, money, and effort to create truly holistic customer profiles that integrate transactional, CRM, and third-party data and that integrate both offline and online customer information using identity resolution tools. The shortfall is not the technology component: Most CRM software vendors have the tools, including artificial intelligence (AI) and process automation tools, to create these profiles. The shortfall is in leveraging a structured business process to create these profiles—i.e., what information really needs to be collected—and to keep these profiles clean and useful over time.

2. Data and analytics. Data-driven decision making has become a requirement for effective digital transformation.



Successful companies perpetually data-mine their holistic customer profiles to gain customer insights. They also leverage data and analytics processes and tools to enhance customer profiling and segmentation, to achieve insights into customer life cycles and journey maps, to target lead scoring and routing, to achieve better forecasting and cross-selling, to model customer behaviors for more effective marketing campaigns, and more.

3. Social media communities, especially private or “branded” communities. Customers expect to be able to communicate with organizations digitally. They expect 24/7 customer support. Social media communities address these requirements head-on by helping to maintain and increase the kind of customer engagement and interaction that drives customer acquisition and retention. They provide members with an online, private platform with a corporate URL, accessible from work and available 24/7, helping to drive customer satisfaction. They reinforce product/industry leadership and expertise, which creates long-term competitive advantage. They are a company's best lead nurturing tool. Most importantly, social media communities allow a company to listen to the voice of the customer, which is a key component of successful digital transformation.

4. Customer engagement, especially cross-channel customer journey mapping, omnichannel management, customer experience management, and customer success programs. Effective customer engagement shortens sales cycles, increases customer spending, lowers customer churn, increases brand awareness, and secures higher customer loyalty and advocacy. To achieve these benefits and

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to secure digital customer engagement, companies increasingly are using videos, content sharing, chatbots with conversational AI, and robotic process automation tools in their digital transformation efforts.

5. Emerging technologies. The list of emerging technologies is long and growing all the time, and it currently includes these: mobile apps/technology, identity resolution, virtual and augmented reality, AI and machine learning, personalized digital videos, digital portals, wearables, addressable TV, the Internet of Things, and blockchain. These digital technologies provide new ways to capture customer knowledge and insight, enhance data integration and dissemination across channels, digitally connect and collaborate with customers, create better products and services, help shorten the sale cycle, drive down operational costs, and stay one step ahead of the competition. A sound digital transformation includes multiple emerging-technology pilots.

Every company's digital transformation needs to be based on an integrated framework where individual projects connect and feed each other—e.g., leveraging data and analytics as a foundational platform to analyze and provide insights used in social media communities, CRM, and customer engagement; leveraging customer journey

mapping and customer experience surveys to feed holistic customer profiles; leveraging emerging technologies like AI in CRM systems to provide next-best-action recommendations for individual clients, and so on.

In other words, an effective digital transformation strategy pulls together all of these components. Successful companies tackle digital transformation by implementing these components in bite-size chunks, supported by a long-term road map that focuses as much on people and process issues as technology.

The result of a successful digital transformation strategy? More satisfied, engaged, and loyal customers who purchase and then advocate for your company's products and services, which provides the type of sustainable competitive differentiation that companies like Amazon, Airbnb, and Uber thrive on. Is your company's digital transformation ready for prime time? 

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