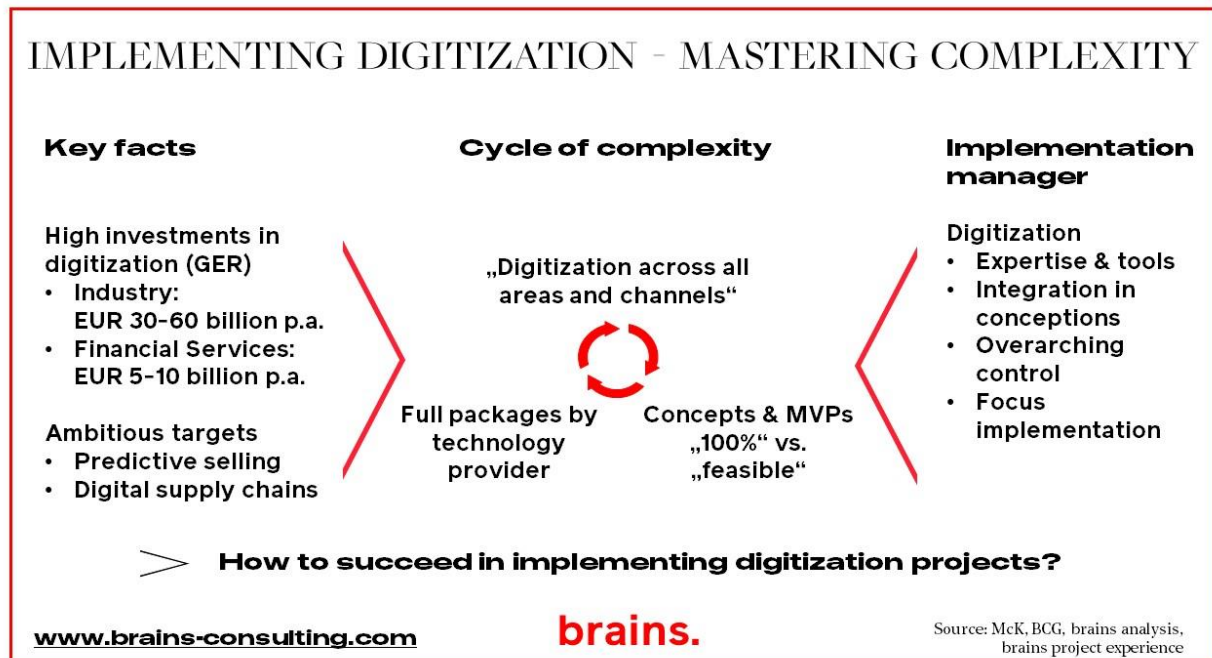




IMPLEMENTING DIGITIZATION – MASTERING COMPLEXITY

Digitization initiatives and their often very time-consuming management dominate the agenda of many managers: Whether it is a project for optimized multi-channel addressing in the context CRM and improved sales & service management or an initiative for differentiation and automation of the supply chain - digitization topics often form a major focus in the project portfolio. Yearly investments by the manufacturing industry of ~30 to 60 billion EUR or by financial service providers of ~5 to 10 billion EUR show orders of magnitude for Germany. There is a lot at stake.



According to our experience in the brains consulting network, despite agile organization and dedicated internal project departments, the implementation of digitization strategies remains a challenge. Why is that and how can it be improved?

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Often, in course of implementing digitization projects, a cycle of complexity arises that is driven by three elements.

1. Digitization across all areas & channels

A typical feature of digitization initiatives is that they are set up on a cross-divisional and cross-channel basis and are therefore complex per se. A modified service concept of a financial services provider or industrial company that is also intended to improve the exploitation of existing customers is one example. This can affect various product areas, sales and, if applicable, sales partners, as well as service and further operational units.

2. Concepts & MVPs

This is probably one of the greatest challenges: Various developments seem to favor frequently rethinking and adapting concepts. Technical development is racing ahead in many fields of digitization. The consequence is that new approaches, e.g., an AI application from a start-up that has recently become known, are still to be quickly incorporated into an ongoing digitization project after a brief analysis and discussion. In addition, the pandemic is driving customer behavior to unimagined digitization heights. Furthermore, digital best practices of various companies are known and want to be achieved. According to sources, Amazon is now able to proactively propose an offer to selected customers, who accept it in around 5% of cases.

In sum, the art of fine-tuning concepts, especially in digitization topics, means finding the right balance between ambitious goals and what is feasible or acceptable. The step-by-step development and implementation of supporting applications for autonomous driving by the German automotive industry is a positive example of this.

To achieve initial results quickly and avoid costly undesirable developments, pilots with MVPs (minimum viable products) are usually launched in relatively early project phases. Since digitization involves a great deal of detailed work and success and failure, e.g., at the customer interface, can depend on the specific design of application routes, this makes sense. However, with a high number of iterations, it can lead to unnecessary additional work, which is why high expertise remains crucial for the design.

3. Technology provider

Depending on the topic, a specific external technology provider is often commissioned for digitization. In connection with the general uncertainties in estimating the costs of IT-related projects, many managers tend to outsource digitization topics to a service provider or management consultancy in the form of complete packages for design and implementation. However, this also creates a strong dependency on this provider for the further course of the project. In any case, day-to-day and long-

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term control of the collaboration with the technology provider are very important success factors. Since technology for digitization is extensive and numerous projects must be implemented in parallel, often, it is advisable to closely channel the interfaces to the company's organization and bring them together in one place. Otherwise, there is a risk of further complexity.

One danger is that the cycle of complexity will accelerate further. If requirements are added and an objective is pursued "across all areas and channels," various digitization initiatives will soon find themselves in the project portfolio with delays and high costs. Then there is the threat of an implementation backlog.

Implementation Manager Digitalization - what is special?

The basic idea of getting a grip on the challenges listed above via an experienced implementation manager supplemented by a PMO ("Project Management Office") via the various subprojects is not new. In the context of digitization projects, however, there are some specifics that need to be considered which can have a decisive impact on success or failure.

1. Expertise & tools

A top digitization implementation manager is characterized by outstanding experience and expertise at the interface between business requirements and the capabilities of technology providers. Furthermore, he or she should be able to manage the complexity cycle described above in a targeted manner and have it under control. To do this, he must make the trade-offs that occur between the highest demands ("100%") on the one hand and economic reality/given resources/time requirements etc. on the other hand transparent and ready for decision-making. This requires a very good understanding of industry and technology. In addition, entrepreneurial thinking is essential to carry out the necessary trade-offs from the holistic perspective of the company.

The modern implementation manager has a variety of tools at his disposal in different dimensions. This starts with PMO tools, continues with classical tools to increase the own efficiency (e. g. Power BI) up to the support of specific topics (e. g. Statista). Finally, the implementation manager's understanding of the customer's software (e. g., CRM or ERP) can be of high importance for a project. Modern tools can increase the efficiency of an experienced project manager and the project staff involved by more than 100%. Thus, an experienced implementation manager controls a large project, which often required a team in the past. This applies analogously to several implementation managers with clear responsibilities compared to a large team. This reduces the complexity of management and improves the quality of implementation.

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2. Integration in conceptions

In the construction industry, it has always been customary for complex projects to have an experienced project manager - as an implementation manager, so to speak - who manages a construction project from the initial concept to final implementation in terms of deadlines, costs, and quality. He is one of the most important actors, primarily representing the interests of the owner and acting at the interface between the planning team (team of architects, structural engineers, building services planners, etc.) and the contractors. As a bracket over the entire project, he keeps an eye on customer needs, cost-effectiveness, feasibility of implementation, successful project progress, and even conflict management on the construction site. Transferred to digitization initiatives in companies, the implementation manager manages departments, technology providers and consulting teams accordingly. As on a real construction site, it is crucial that the implementation manager is involved in the conception phase at an early stage so that he is aware of the specifics of the (construction) project to ensure the quality of the ongoing conceptions and the success of the project.

3. Overarching control

With brains and our network of consultants, we have learned that experienced implementation managers who are brought into the development of a digitization strategy at an early stage can make a significant contribution to successful overall management and implementation. Having the mission "implementation" firmly in view from the start and the expertise to break the complexity cycle at the right moment are decisive keys to increasing performance in digitization.

As managers, we should therefore ask ourselves:

1. Do we have the complexity cycle of our digitization initiatives under control?
2. Who fulfills the role of implementation manager in our company?
3. How can implementation managers with the described core competencies be put in place in time for successful project implementation in the future?

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