![LOGICAL DESIGN SOLUTIONS]

Clarifying the value of
Digital Maturity in Digital Strategy

Use of Maturity models in Digital Transformation

The use of maturity models as a benchmarking tool has been a common consulting practice, applied to help gauge a firm's maturity in a discipline or domain. Such models provide a basis for a firm's leadership to discuss company competitiveness and to help identify opportunities for improvement. They typically yield a report card useful in communicating the organization's current state of capabilities relative to industry tested standards. This can be an effective way of creating a consistent understanding among executives and strategic planners to help normalize what might be inconsistent views and/or perceptions.

Sample Digital Maturity Report Card

DIGITAL MATURITY DIMENSIONS

Digital Strategy

Digitally-capable Leadership

Human Excellence System

Practices of Innovation

Business & Operational Agility

Cultural Alignment →

Digital Technologies Maturity

Digital Employee Experience

The Digital Transformation space is no exception and it's understandable why there is a demand for maturity assessments. Organizations have started their journey to digitizing their businesses in some way, shape, or form. With many digital initiatives running in parallel in different parts of the organization - often uncoordinated - executives are questioning whether investments being made in technology and related organizational change and/or culture programs are yielding the returns most needed by the business. Conversely, many would argue that any digital spend is worth it because, just like all other stages of maturity, there are usually ways that a firm can continue to grow and adapt to become more digitally mature and stay ahead of the curve[1].

Challenges with Digital Maturity assessments

While this argument has some merit, for executives looking to define a cohesive **Digital Strategy for their organization**, difficult decisions must be made. "Which digital and organizational capabilities will have the most impact on our ability to compete in the marketplace?" is a question uppermost on any executive's mind.

Unfortunately, Digital Maturity assessments fall short of **identifying the capabilities a business needs to invest in now versus later**. While Digital Maturity can help a firm benchmark their capabilities against similar firms in their industry and identify opportunities for making them better or investing in newer ones, there is still work that remains in prioritizing those opportunities against a firm's most critical imperatives[2].

An additional challenge is the immaturity of the Digital Transformation space itself. Speed of change is causing consulting firms in the space to add, expand and modify the dimensions of digital and organizational capabilities they evaluate. And a lack of proven methods and practices transferable across firms and industries require constant re-examination of digital maturity stages. Data collected as part of digital maturity assessments is becoming obsolete quickly in terms of their relevancy.

Making Digital Maturity assessments more effective

To help clients define a Digital Strategy that drives their organization transformation, recent industry benchmarks from credible sources must be complemented by an understanding of key initiatives and an uncovering of the prevailing wisdom within the organization. By studying characteristics of disparate innovation, digital, and transformational efforts already occurring in silos and by engaging leaders across the enterprise to find common interests, insights can be derived on what might seem otherwise raw outputs from Digital Maturity.
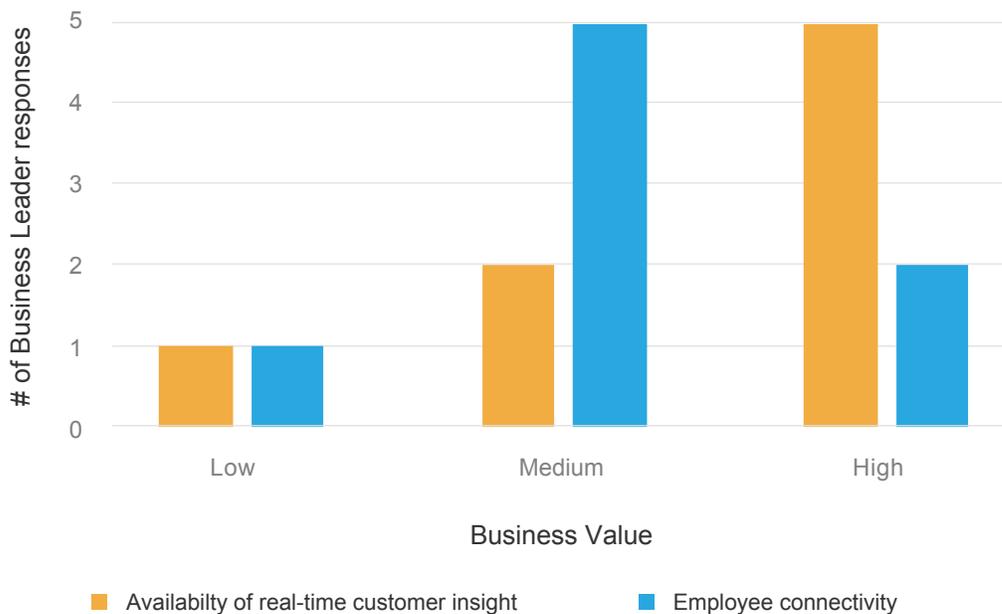
Key insights derived by complementing Digital Maturity report with other inputs from within the organization

Maturity of Performance & Reward Systems

% of HR Stakeholders

	17		46	67
83	74		54	33
	26			

Behavioral standards incorporated in performance measures | Behaviors reinforced in frequent development conversations | Rewards aligned to new behaviors | Behaviors reinforced through peer-to-peer, real-time recognition tools

■ Where we are   ■ Where we need to be

Strategy points to the need for broad experimentation around product & service innovation across the business, yet the systems of performance and rewards fail to drive and reinforce the required behavior changes of people (e.g., from solving problems individually to seeking out unique perspectives on global teams).

Business Value of Frontline Employee Capabilities

of Business Leader responses

5
4
3
2
1
0

Low   Medium   High

Business Value

■ Availabilty of real-time customer insight   ■ Employee connectivity

While the ability for employees on the front lines (drivers, sales, retail merchandizers) to capture and share real-time customer insights through digital capabilities are viewed as critical to maintaining business operations agility by most business leaders, there is heightened sensitivity around enabling organizing of labor through increased connectivity in many geographical and market segments.

> Sound decision making protocols and a process of consensus building need to be executed with leaders of the organization, using quantitative and qualitative inputs from inside and outside the firm.

Therefore, any digital maturity exercise needs to be part of a larger effort to identify and prioritize the most critical organizational capabilities the firm needs to invest in over time.

After all, a good strategy not only finds opportunities, but it also eliminates some and deprioritizes others.

1. http://sloanreview.mit.edu/article/digital-maturity-not-digital-transformation/
2. http://www.consultantsmind.com/2012/07/01/maturity-model/