

Boardroom questions

Digital transformation as a 'Connected Enterprise'

KPMG Board Leadership Center (India)



To be successful, an organisation needs to be agile – to rethink its future, to reposition and reinvent, from time to time. COVID-19 was a catalyst for digital transformation with organisations leveraging new technologies and ways of working to increase their business value and adopt a new culture.

The answer to creating a digitally enabled business now hinges around putting the customer at the centre. And the key is to become a **Connected Enterprise**.

Defining the Connected Enterprise

A Connected Enterprise is an organisation where you are fully connected with your customers, employees, and business partners. An enterprise that enables you to respond quickly to market signals and pivot to seize opportunities as they arise. In a digitally connected space, if a business wants to drive sustainable growth and create business value, every critical process, function, and relationship of a business should focus on customer expectation.

While we know that addressing this is a top priority, many organisations have not yet set or executed on their strategies to bring the whole business closer together. There is tremendous financial impact to getting this right – gains in revenue, profitability, operational efficiencies, employee retention and customer lifetime value.

Connect or perish

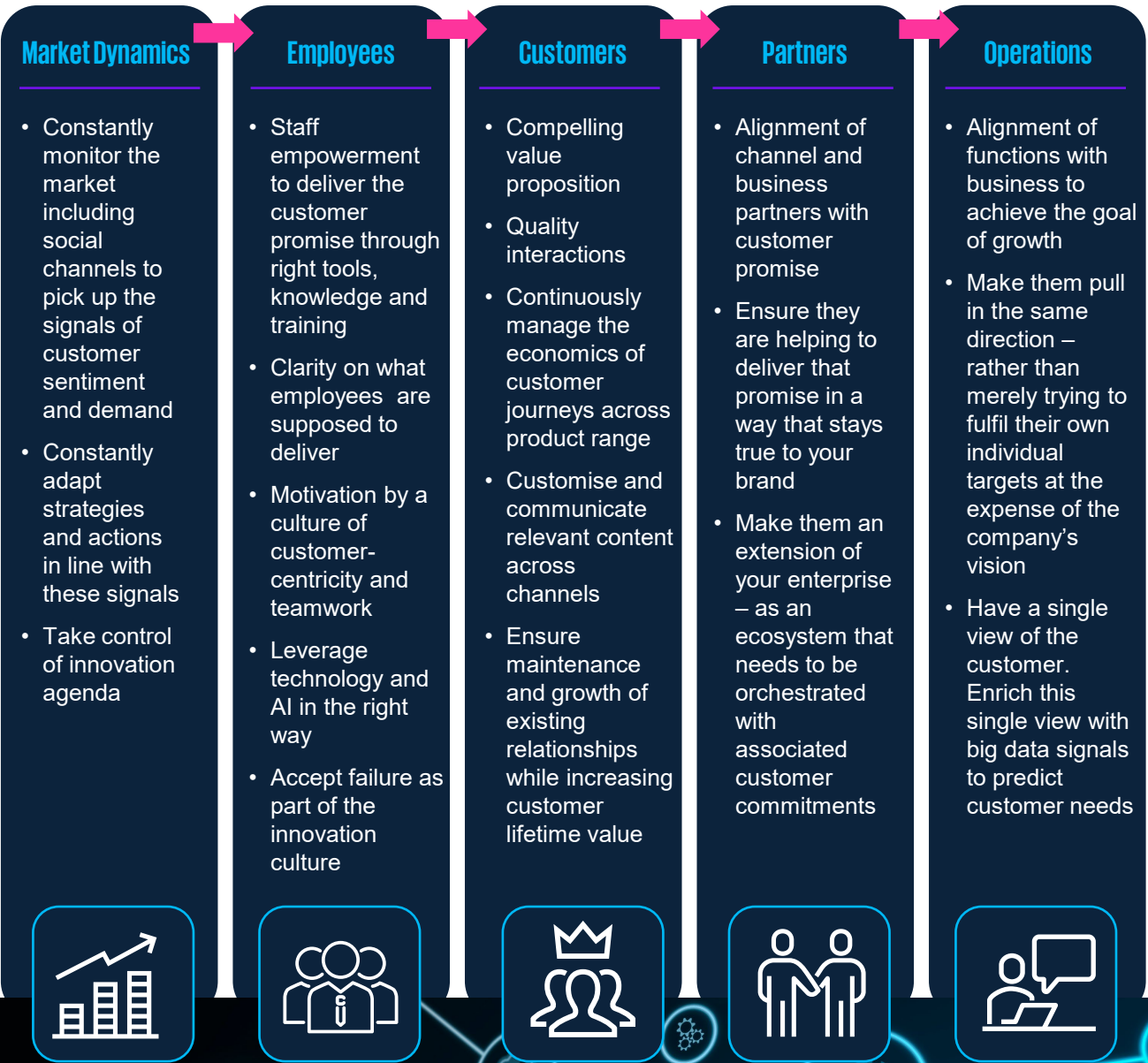
Whilst the disruption caused by the pandemic enabled digital presence of the businesses, the biggest challenge is to keep up with the pace of transformation. Today's consumer is digitally savvy and embraces the ease with which they can interact with organisations through digital channels.

Many organisations have made huge investments in innovation and improved customer delight, which was a necessary step to survive during the Covid-pandemic. However, companies need to cultivate agility throughout the organisation to thrive in the new reality. Boards should ensure their organisations are pursuing the implementation of new digital business models, revenue streams and technology, and develop a seamless digital customer experience, as client expectations are evolving continually.

Another important challenge is the need for a new style of leadership. Since it's impossible to control everything, organisations should develop a connected leadership approach to pick up signals – coming from customers, employees, business partners and the market – interpret them, and respond deftly. That way you can steer your organisation in the right direction, even in an unpredictable and volatile environment like the one we experience today. A connected leader's main job is synergy: bringing together people and departments, involving partners in the ecosystem, breaking down traditional silos and transforming the entire organisation around the customers.

Key tenets of Connected Enterprise

There are five lenses – with customer at the core – that boards should be looking through when providing oversight to the management, to ensure the organisation is becoming ‘connected’.



What actions can the board consider?

The most successful organisations invest in eight capabilities and are twice as likely to meet customer expectations, achieve their objectives and deliver return on investment¹. These capabilities span all attributes of the customer experience, resulting in a connected organisation that goes beyond cross-channel interactions.

Boards can also align their actions to these eight capabilities:

01

Experience-centricity by design

Ensure management has defined an **outside-in view** of the current physical and emotional customer experience that the organisation's products or services instill. Integrate this view in every function, process or relationship



02

Seamless interactions and commerce

Check whether the business model offers an integrated experience throughout the **entire customer journey**, and that it is being reviewed to remove hiccups, in order to enhance customer satisfaction, employee engagement and operational efficiency



03

Innovative products and services

Ensure management is taking advantage of **customer insights in its business model** by creating innovation labs to launch new products and services with customers, using emerging technologies or seeking new partnerships



04

Digitally-enabled technology architecture

Check whether your management team has started to build a cloud-based technology architecture that plots the course from legacy systems to **an agile, integrated, intelligent and scalable architecture**, based on strong, secured foundations



05

Insights-based strategies and actions

Assess the **business' analytics capability**. If the organisation's data cannot be harnessed to make insights-based decisions, its analytics capability needs redesigning



06

Responsive operations and supply chain

Ensure management has mapped the key **processes across the entire value chain** to discover improvement opportunities regarding efficiency and agility from the customer's perspective



07

Aligned and empowered workforce

Live by example: as **leadership**, act as champions of the customer, and support innovation, collaboration, integrity, purpose, diversity, inclusiveness and agile change – and ensure management is doing the same



08

Integrated partner and alliance ecosystem

Check whether your management team has found the right partners to create a successful alliance ecosystem, and that they ensure those partners contribute to the organisation's customer-centric vision and deliver a **seamless end-to-end experience** for customers.



Source:

¹ A commissioned study conducted by Forrester Consulting on behalf of KPMG, September 2018.

Base: 1,299 professionals involved with customer-centric strategy decisions.

As digitisation continues to disrupt the business world, it is imperative for directors not to feel outmatched by the pace of change and keep up with changing times. To serve as thought leaders, boards in today's world have an additional task at hand – to bridge the digital fluency gap. While some may find it hard to swallow this tech disruption given the costs, time commitment and steep learning curve; inaction on this front may have far-reaching consequences. Since managers often tend to get focused on their individual departments and develop invisible silos, boards can play a pivotal role in taking a bird's eye view and anchoring the effort of becoming a truly connected enterprise through their vision, expertise, and sense of providing a strategic direction to companies.



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30 years
and beyond

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