

Digital Business Transformation: How to Start

Hint → Don't Begin by Trying to Boil the Ocean but Don't Tinker Either

After dealing with the initial shock of the coronavirus, forward-looking nonprofit organizations are cautiously beginning to plan for a new normal.

Rather than wondering what will happen, the leaders in these organizations are asking two questions, "What do we want to happen and how will we make it happen?"

This short briefing describes a process for answering these two questions. The process is called digital business transformation (DX). Design thinking, one of the most important DX tools, is used to reimagine how a nonprofit achieves its mission in the new, massively altered, future world.



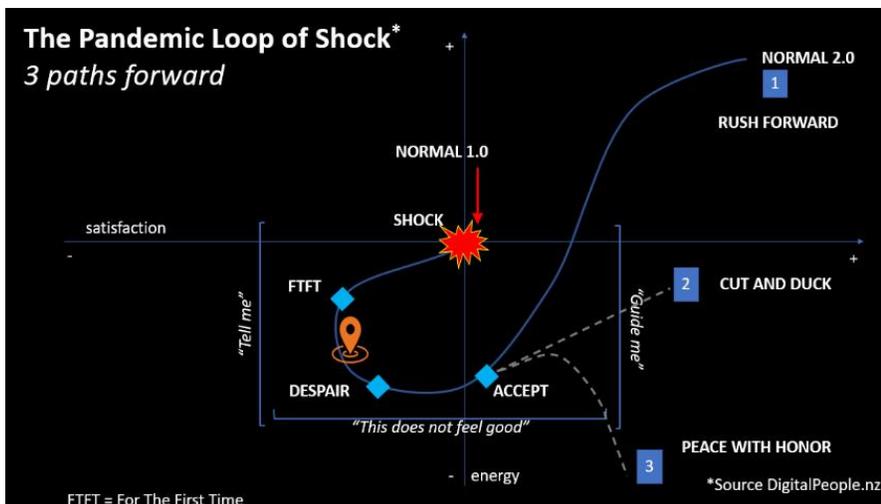
What is digital business transformation? Digital business transformation is an approach to building adaptability and greater beneficiary and donor intimacy into the way that a nonprofit operates. It is about people and process first, technology second. DX fosters an empowered learning culture where experimentation and risk-taking are encouraged. Decisions become data-with-empathy-driven. To be successful, it must be driven by the organization's leadership team, often with some outside assistance

--- not to recommend and implement changes but to catalyze change and to guide the way forward.

Why now? A systemic shock --- such as the coronavirus and the resulting economy shutdown --- often accelerates trends that are already in process. In the commercial world the trend toward DX started ten years ago. Before the COVID-19 crisis, DX was just beginning to take hold in nonprofits.

Now, according to a recent McKinsey article, Digital Strategy in a Time of Crisis, "The COVID-19 crisis seemingly provides a sudden glimpse into a future world, one in which digital has become central to every interaction, forcing both organizations and individuals further up the adoption curve almost overnight." McKinsey goes on to say that in such a future world, organizations must learn faster than ever before.

Are there alternatives to digital business transformation? There are three alternative paths as nonprofit organizations (and commercial firms) work their way out of the COVID-19 disruption. As shown in the next diagram, the least desirable alternative is Path #3 – Peace with Honor, that is, do nothing and fade into the sunset. The second alternative is Path #2 – Cut and Duck by trimming staff and attempting to return to the old normal. Unfortunately, returning to the old normal will probably lead to a slower, more tortured path to Peace with Honor.



The third alternative is Path #1 – Rush Forward to Normal 2.0 using digital business transformation and its tools to reimagine and implement how the organization achieves its mission.

In Revol’s work with leaders in nonprofit organizations who are experiencing the pandemic loop of shock, the surprising finding is that the majority of non-profits are determined to

become more adaptable and are more willing to work collectively. These leaders know that adaptability is essential to survive and thrive. They have a positive outlook on digital business transformation and understand that it is *the key to building adaptability and beneficiary & donor intimacy* into their organizations’ DNA.

How does a nonprofit organization initiate digital business transformation? The process to initiate digital business transformation starts by learning about an entirely new, much faster, more responsive way of working. This new way of working is the essence of the design thinking methodology. Design thinking enables a team to answer the questions, “What do we want to happen and how will we make it happen?” in the context of a digital-centric world.

Case → Design thinking in action. In May 2019, Revol facilitated a 2½ day design thinking workshop for a team running a face-to-face, events-driven nonprofit association.

“Design thinking is a human-centered approach to innovation that draws from the designer’s toolkit to integrate the needs of people, the possibilities of technology, and the requirements for business success.”
 Tim Brown, CEO of IDEO

The purpose of the workshop was to reimagine the trade association of the future and to develop concrete 30-60-90 day implementation action plans. When the pandemic struck in March 2020, using the design thinking techniques they had learned, the organization was able to rethink its existing offerings and invent new services --- all to be provided digitally to its member community. *In April, only one month later, the team prioritized and then started to rollout these services one-by-one.*

What are the defining elements of design thinking? Design thinking encourages people to explore new alternatives for working, creating options that did not exist before. It is beneficiary-centric and/or donor-centric, using personas to put people at the center of everything you do. It involves co-creation where you work with your beneficiaries and donors, your supplier partners and your internal-facing and external facing team members to ensure that creative new ways of working are both technically feasible and financially viable. And finally, design thinking is holistic because it builds interdependent, interrelated experiences that all connect to people at the emotional level.

A design thinking workshop walks a team through a very specific, hands-on experience of using design thinking tools such as personas, journey maps, “How Might We” statements, prioritization, prototyping and 30-60-90 day action plans to reimagine the way a nonprofit organization achieves its mission in a digital-centric world. The end-product is a Dream Book that charts a nonprofit organization’s path forward.



Priority setting is critical to DX success. The priority setting step during the workshop focuses on choosing the high value/low effort ideas for early implementation. The end result of the entire DX process will be a transformed organization but the initial choice of high value/low effort ideas avoids two problems: (1) tinkering with changes that do no matter; and (2) trying to boil the ocean by doing too much too soon and therefore killing the transformation momentum.

What happens after the design thinking workshop? Dream → Design → Deliver. The design thinking workshop is the Dream phase of the digital transformation journey. The Design phase involves creation of more detailed, time-phased roadmap, and the Deliver phase is all about implementation.

If you are interested in learning whether your nonprofit organization is ready for digital transformation, ask for a free DX business readiness assessment by contacting Jim Daniell, CEO and Lead Sherpa of Revol, LLC at jim@revol-llc.com.