

Nathan Smith

Strategy is difficult enough already, let alone building a digital strategy. Not only do people confuse strategy with tactics, the world isn't kind to those without a coherent business strategy.

The basic truth of a digital strategy, according to PwC Digital director Greg Doone, is it isn't really about a digital strategy, it's about creating a "business strategy for a digital age," he says. These sound the same but they're actually qualitatively different in the only way that matters: retaining customers.

"Digital must have a purpose. Unless you're solving a customer or business problem, it's pointless to have a strategy. Where organisations go wrong is they have technology-led digital strategies, so it needs to be customer-led if it is to flow through the business in the right way.



GREG DOONE:
Creating a business strategy for a digital age

"Customers are first, which is why a digital strategy can't be separated from a business strategy. Five years ago, the definition of a digital strategy was answering questions such as: should we use mobile devices or not? Now it asks about how products and services differ in a digital age, which is very different," Mr Doone says.

The PwC 2015 Digital IQ Survey found top-performing companies share characteristics, many of which connect (no pun intended) with creating a useful digital strategy.

For instance, they are more deliberate in their digital strategy, innovation and execution; are more likely to have chief executive commitment, strategic clarity and shared understanding; take

The business/digital strategy feedback loop

a broad view when applying technology and identifying sources of innovation; and can turn data into insight, be proactive in cybersecurity and consistent in measuring outcomes from digital investments.

Many factors will guide a company's digital strategy but two are key: looking for innovation in new and unexplored places, then decisively acting upon that which is most competitively advantageous. None of this can be achieved if the fundamental strategy itself is broken or malformed.

New thinking

Every company needs to think of their own strategy differently, though. Mr Doone says the principles of a digital strategy can certainly be borrowed and learning from other's success and failure is important. But the idea of a templated digital strategy or that a business can simply "colour by numbers" is incorrect.

"People talk about transformation as a singular activity, but it's really not. A digital strategy should influence the business strategy, and vice versa. That's actually what it looks like when a company is getting it right.

"You should always be assessing strategies. Successful organisations have the ability to quickly iterate based on genuine outside customer feedback. Both the digital and corporate strategies influence each other in a healthy feedback loop," he says.

If the game is about retaining and attracting customers – which it surely is for every company – then those people won't want to feel vulnerable either. And nothing makes people more nervous online than the threat of cyber breaches. Aura Information Security principal consultant Paul

Poteete says cyber-security is critical to digital strategy.

"A company's digital strategy describes how the business will compete within the digital landscape versus the former brick and mortar landscape. Companies now provide services within an entirely digital environment, requiring new processes and measurements of effective control of supply and demand.

"Most businesses would be amazed at what our team picks up during a strategy's testing phase. The reality is, cybersecurity needs to be front and centre in the design of an organisation's digital strategy," he says.

New solutions

There is no way to guarantee a safe transformation of a company's production to a digital model, Mr Poteete says. Much of this process is equally unique to the creation of the original business itself. For instance, a business created for the demands of a local community with horse-drawn carriage was never intended to provide those same services to an international audience with digital means.

"New solutions will be needed to address the unique core of the organisation's delivery and exposure.

"A poor digital strategy will cause the same level of devastation as a poor traditional strategy but at a more rapid rate. If an organisation's digital strategy does not account for radically new business modality surrounding supply and demand, then the strategy is at high risk of failure," Mr Poteete says.

Technology is only a component of a strategy, says Mr Doone, because business

culture itself needs to evolve away from ingrained habits.

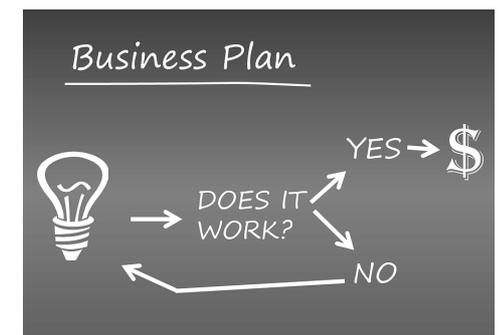
"Digitally-minded people think business owners know what the customer really needs, but often they know as much or as little as each other because neither are actually talking to customers.

"To change that requires dropping egos. Everyone has to be prepared to be wrong. At the heart of a good digital strategy is a fast ability to iterate prototypes tested on customers. You can't do that if you think you know best. Humility needs to be built into a company at a cultural level," he says.

Mr Poteete is sure there is some aspect of society and business which doesn't require any digital interconnectivity or advertisement.

"However, aside from the small number of organisations, almost everyone needs a digital strategy. This is simply business. If your competitors can deliver milk, produce, fabric, soil, movies and more... faster, cheaper and at a higher profit margin than you, then, the future of your business is at risk."

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CYBER: Protection a part of any good strategy