

# AS BILLIONS OF CONSUMERS GO DIGITAL, IS YOUR COMPANY FALLING BEHIND?

*The Rise of Customer-Centric Digital Transformation*

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May 1, 2019

# FINAL EXAM: Digital Transformation Readiness

- Don't worry—100% open-book
- 15 questions about your company and how truly prepared it is
- Please jot down your answers
- We'll look at several brilliant and bold transformations & key factors
- Then we'll run through those 15 questions a second time
- Will your original answers hold up?

# Digital Strategy?

1) What grade do you give your company's current digital **strategy**?

# Digital Execution?

2) What grade do you give your company's current digital **execution**?

# Pace of Change?

3) What grade do you give the **speed** at which your company's becoming digital?

# Customer-Centric Execution?

4) In a truly digital company, the customer is at the center of everything. What grade do you give your company on being **customer-centric in execution** as well as in intention?

# Keep Existing Customers?

5) Being as honest as possible, what grade do you give your company for its **ability to keep existing customers** as they expect and demand more digital capabilities from the companies they do business with?

# Competitive Capabilities?

6) What grade do you give your company regarding **your competitive capabilities** versus other companies in your space?



# Percentage of Revenue from Digital?

7) What grade do you give your company on the **percentage of revenue you currently generate** from new digital and data services and products?

# Your CEO's Digital Commitment?

8) What grade do you give **your CEO** for her/his leadership in driving end-to-end digital transformation?

# Retain and Attract Talent?

9) What grade do you give your company for its ability to **retain and attract truly world-class talent**?

# Technology Preparedness?

10) What grade do you give your company on the quality of your **companywide IT systems and platforms** for digital transformation?

# Culture?

11) What grade do you give your company regarding its **culture**, and specifically that culture's ability to help drive customer-centric thinking and digital transformation?

# Org Structure?

12) What grade do you give your company's **organizational structure**, and specifically that structure's ability to drive rapid and high-growth digital transformation?

# Digital Innovation?

13) What grade do you give your company's **commitment to driving digital innovation** across the organization?

# Your Teams?

14) What grade do you give to **the teams you lead** on their commitment to and execution of customer-centric digital transformation?



# Yourself?

15) What grade do you give **yourself** for the role you're playing in driving customer-centric digital transformation across the company?

# What Business Are You In?

16) What **business** are you in today?

# Customer Alignment?

17) What business do your **customers want you to be in?**

# Digital-Transformation Imperatives

**Some essentials spanning every company, industry, and region:**

1. Put the customer truly at the center of everything you do. *Everything.*
2. Ban the phrase “if it ain’t broke, don’t fix it” under threat of slow death
3. Recognize and neutralize your 3 primary threats:
  - Time, not budget, is your most-valuable asset: treasure it!
  - Lack of imagination, lack of will, lack of courage: break through!
  - Inside-out mentality will kill you: see yourself as customers do!
4. Blow up concepts of “front office” and “back office”: artifacts of past
5. Get beyond traditional constraints of “B2B” and “B2C”: anchors to past

# World's #1 Car Maker Leaps Into Software

- Volkswagen AG becoming software company providing mobility services, information and data
- “Our goal is the customer experience for customers in their own vehicles and beyond.” -- *Volkswagen AG CEO Dr. Herbert Diess*



# Walmart: Revenue of \$137M Every Single Day

***Proposed for fiscal 2020 ending Jan. 31, 2020:***

- Walmart U.S. eCommerce net sales growth will be about 35 percent
- 3,100 grocery pickup locations by year-end FY20
- 1,600 grocery delivery locations by year-end FY20
- Capital expenditures of approximately \$11 billion will include a strong focus on store remodels, customer initiatives, eCommerce, technology and supply chain
- Walmart U.S. expects to open fewer than 10 stores, while Walmart International expects to open slightly more than 300 new stores, primarily in Mexico and China

# Walmart: Truly End-to-End Transformation

## **Additional highlights for 2019—10 out of more than 30 digital initiatives**

- Added 1,000 grocery pickup locations, and reached nearly 800 grocery delivery locations
- Announced pilot with Udelv for custom autonomous cargo vans to deliver groceries
- Announced collaboration with Ford to test grocery delivery with self-driving cars
- Launched Spark Delivery test, a new last-mile grocery delivery service
- In-store innovations included autonomous shelf-scanning robots, floor cleaners, and unloaders
- Launched 17,000 virtual-reality training devices for employees
- Launched new digital scheduling system for store associates
- In all U.S. stores, launched service that allows customers to checkout from anywhere
- Launched “endless aisle” allowing customers to order and pay for online items while inside store
- in Walmart app, launched Item Finder and store maps chain-wide

# Kroger: \$121B Grocer Turned Software Maker

- One of the world's largest food retailers has decided it also needs to become a software company. Two reasons:
  - 1) To reinvigorate its traditional business to create **fabulous customer experiences**.
  - 2) To create **new business and revenue models** for its future.





# Guardian Life Insurance: “Culture of Innovation”

- Founded in 1860: still running some policy-management systems launched before Neil Armstrong walked on the moon
- Its digital transformation is focused not just on technology but also on corporate culture: “culture of innovation.”
- Launched series of “innovation challenges.” One on improving customer experience inspired 5,000 of company’s 9,500 employees to participate.
- In 3 years, Guardian’s “culture of innovation” has generated more than 1,000 new-business and process-optimization ideas from employees.

# Guardian Life: Who's Your Major Competitor?

- “Our competitor isn’t some other life-insurance company—rather, it’s the **consumer’s most-recent digital experience**. So we have to make our digital experience as good as anything out there.”
- Customer Experience as **#1 priority**:  
“The whole experience is going to get easier and more pleasurable, and more delightful.”

*--Guardian EVP Dean Del Vecchio*



# Under Armour: Such Fuss over Gym Clothes!!

- Digital companies don't just push innovation and creativity in the lab—they also push it out into the marketplace and into the minds of customers and prospects.
- First thing you see on website: *"Everything here is built to make you better."* Mission: *"To inspire you with performance solutions you never knew you needed and can't imagine living without."*



UA ICON Customized Gear

# “Under Armour Makes You Better”

- Deeply collaborative product-development with vast numbers of customers involved: co-creation of products, then of services, and ultimately the **highest-value co-creation of all: experiences**.
- I call their product research, development, marketing, and customer engagement an end-to-end “**Innovation Celebration**”

YouTube video: <https://www.youtube.com/watch?v=5xBBxx2U1U0>

# Monsanto: Fusing Farming and Technology



- *“Our research and development pipeline works to provide farmers with the **tools, seeds, and software** they need to cultivate our food and clothing fiber while preserving the environment. We firmly believe that **innovation and technology** are the way to help farmers achieve their goals.”*

# Red Wing Shoes: Reinvention at 116 Years Old

- What the heck is an “industrial athlete”? Much more than clever marketing—it’s recognition of new reality in customer-centric world.

## COOLTECH™ ATHLETICS: BUILT FOR THE INDUSTRIAL ATHLETE



'THE TRACTION [...] WAS SUPERIOR. SO WAS THE  
OVERALL COMFORT AND EASE OF WEAR.'

Jim O

INDUSTRY: GIS Specialist - DNR

Minneapolis, MN



# Daimler Benz and BMW: Bizarre Bedfellows?

- Two of world's premier luxury-car makers: claw-eyes-out competitors for 100 years.
- But in new digital world, join forces for autonomous vehicles.

*Daimler CEO Dieter Zetsche*



# Final Exam Questions—Let's Review

1. Digital Strategy?
2. Digital Execution?
3. Pace of Change?
4. Customer-Centric Execution?
5. Keep Existing Customers?
6. Competitive Capabilities?
7. Percentage of Revenue from Digital?
8. CEO Commitment to Digital?
9. Retain and Attract World-Class Talent?



# Final Exam Review: What Business Are You In?

10. Technology Preparedness

11. Corporate Culture?

12. Org Structure?

13. Digital Innovation?

14. Your Teams?

15. Yourself?

16. What Business Are You In Today?

17. What Business Do Your Customers **Want** You To Be In?

# Fearless and Joyful Customer-Centric Approach!

- Time is your enemy
- Bulldoze the silos
- Put customer at center of everything
- Rethink \*everything\*: what got you here won't get you there
- Q&A

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