

NEW TECHNOLOGIES: SUCCESS OR FAILURE?

by Kathy Graham

Would you like your finance functions to be among the over 80% who fail when implementing a digital transformation?¹

A digital transformation is a term that means “creating a new business and/or shareholder value by shifting a current business to the most up-to-date technologies.” It’s the latest rage and a big valid concern for many companies facing disruptors, potential or current.

The businesses and finance functions that have succeeded in implementing digital transformations share a number of key factors in common, which I and three CFOs from very diverse companies/industries will discuss on June 13, 2019 at the AICPA ENGAGE conference in Las Vegas—4,000 expected attendees this year and over 275 speakers—during the Finance Redefined segment.

That Finance Redefined track is for corporate CFOs and heads of Finance and Accounting looking for new ideas and the latest research on digitally reshaping their operating models to advance the capability, profitability, and value of Finance to their businesses.

One of the major reasons why digital transformations often fail to deliver is the human element—people. The disconnects between actions and words, the lack of understanding of exactly how these technologies will improve daily operations, a one-size-fits-all and other cognitive biases/assumptions us people make, plus silos and ingrained behavior patterns that are comfortable because many people do not embrace change—they do not want to get out of their comfort zone—these are the cultural elements a finance leader faces when stepping up the finance function to a digital culture and mindset.²

Recent McKinsey research shows “that cultural obstacles correlate clearly with negative economic performance³...so what’s a finance leader to do? There are seven dimensions of individuals who have changed to a digital culture: they are customer centric, they collaborate, they have an open culture, they display agility and flexibility, they think first of digital solutions, they utilize data-driven decision-making, and they are innovative.⁴

Now, think of your finance group individuals: What’s their ability to adapt to rapid change? What’s their emotional intelligence level? What is the depth of their current skills and how much training will it take for them to go more digital, to display one or more of the above seven digital culture dimensions?

Once you’ve assessed your group’s current capabilities, identify the easiest one of the above seven digital culture dimensions for your group to acquire, then plan how your group can enhance its digital culture capabilities in that area. Ensure that your plan establishes relevant measurements and a do-able combined digital technology enhancement along with that culture change in six-month each incremental steps. Keep repeating this process, increasing/decreasing the size of your next six-month incremental goal as needed, until your finance group is digitally transformed.⁵

Yes, the process towards digital transformation is not easy, but the results will be tremendous! Join me and three CFOs from very diverse companies/industries at #AICPAENGAGE #FinanceRedefined this June 9-13 to hear CFO success stories, the latest research, and lots of practical advice.

¹ Digital transformation churn: Why the digital transformation fail rate is so high, Tim Keary, 1/24/19 Information Age.

² What is a Digital Transformation And Why Should You Care?, Jim Miller, 8/13/18, Forbes.

³ Culture for a digital age, Julie Goran, Laura LaBerge, and Ramesh Srinivasan, McKinsey Digital white paper.

⁴ The Digital Culture Challenge: Closing the Employee-Leadership Gap: Capgemini white paper.

⁵ Don’t omit this crucial detail from your strategic roadmap: the first step, Martin Hirt, McKinsey white paper.