tweave

THE JOURNEY OF A DIGITAL
TRANSFORMATION

A step by step guide from ideas to execution

The journey of a digital transformation
- by Sascha Dobbelaere -

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INTRODUCTION

Thank you for picking up this book and congratulations on your decision to embark on the journey of a Digital Transformation! I wrote this book as a guideline to demystify the concept of Digital Transformations. It is my goals to provide you with tips, tricks, and real world applications to help you get the fundamental concepts of Digital Transformation together.

I am Sascha Dobbelaere, I want to help you drive your business forward into a more productive, more lucrative future. With twenty years of International experience in Retail, E-Commerce, Manufacturing, Software Development and Digital Transformations, I believe in having gathered enough experience to help you drive and improve your business. Consequently, I created this book to lift the veil of the mystique of Digital Transformation in order to help push you and your business forward to create a bright new future.

Learn. Enjoy. Implement.
Sascha Dobbelaere

TRANSFORMATION: THE NATURAL PROGRESSION OF THINGS

First things first, many people believe that Digital Transformations are mythical creatures and will lead to an increased workload, higher costs, and more complexity. This idea is nothing short of a lie.

When applied correctly, Digital Transformations are about simplification and workload reduction. It's about removing friction, allowing your team to focus on their core tasks, and removing distractions and unneeded workload.

Digital Transformations are not magic, they are the product of deep understanding, simplifying processes, and implementing (or replacing) tools to create faster workflows and remove clutter. They are the new industrial revolution.

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The goals could be several things:

- Improving operational efficiency
- Increase knowledge retention
- Create sharp competitive edges
- Build a new business model
- And much, much more

No matter what your Digital Transformation goals are, it's essential to understand that a Digital Transformation, combined with Automation will allow you to look like a magical company to the uninitiated when done correctly. It's to help you rediscover and change your business to become a lot more efficient at what it does. This efficiency will lead to scalable growth and increased profits in an ever-competition-increasing world.

When to (And When Not to) Automate

For as long as we know humanity, ambitious men and women have been looking for tools to improve their output. Look at farming; it starts with a shovel. Then ploughs were designed, pulled by animals. Now we have massive tractors driven by people and one day soon we'll see fully automated tractors. These tools allow farms to become bigger and more profitable. A farmer can go from sustaining a family to sustaining a

community.

However, no matter how technologically advanced a farm can get, some environments still require a shovel. For example, take a front garden; the land isn't big enough for a large tractor. In that case, people are more economical than tools. Or perhaps the owners have no interest in efficiency/ fundamental growth; they would like to keep their garden in a minimalistic fashion. Whatever the reason - one's strategic goals should be aligned with one's Automation and Digital Transformation goals.

Talking about strategic goals imposes a great question: How ready are you for a Digital Transformation?

To help you, we've made a short 10-question test which you can take here:
https://short.tweave.tech/lB5vnH
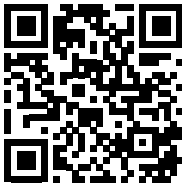
The test will give you a dynamic report to answer many questions you may be struggling with.

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Action Items

☐   Take the 10-question test at https://short.
tweave.tech/lB5vnH
☐   Understand the operational efficiency challenges
☐   Understand your knowledge retention position
☐   Determine what would give your company a
sharp competitive edge

TRANSFORMING YOUR BUSINESS, GETTING THE BASICS RIGHT

Automation is a crucial part to creating a future-proof, profitable, and scalable business. We want to ensure that your changes are of the right quality and drive long-term meaningful value.

Often it's the case that fundamentals are overlooked for numerous reasons - more often than not is lack of focus. So before you start thinking of the larger chunks to Automate, it's essential to start at the beginning and address those smaller details and do the preparation. For that, we can ask some basic questions:

- Is every section of your team working on identical
- information? Or do different systems contain different variations of the same information?
- Is the software working for them or is it just a glorified database?
- Are all the needs of your team being met so they

can each their full potential?

Without fully synchronised and actionable information you will be unable to leverage the strength of your Digital Transformation. Have open conversations to identify the needs so they can be addressed during the transformation. This will allow you to identify bottlenecks early on, when they are easy and cheap to fix, instead of late in the process.

There are many aspects of Digital Transformations as they can be done on various levels of the organisation. The better you have the fundamentals down, the farther it can be driven with greater success.

Transformation Strategies

There are two main ways how one would do a transformation to make meaningful change.

- Complete Overhaul
- Incremental Change

Depending on the situation of the company, one of these Transformation Strategies will be more applicable than the other. For example, a small company struggling with competition might consider a complete overhaul - whereas a larger organisation with more complex

processes will find incremental change more appealing.

Complete Overhaul, a high risk, high reward approach

When we let go of our predefined definitions of how things should be done, we create the mental space to look at how it could be done. We open ourselves up to the potential to move in a direction that will benefit the company, even though it may be outside of the traditional boundaries. Taking a risk can feel enormous. However the risks are well worth the taking in order to embrace a beneficial reward.

We can look at the various aspects from the ground up and, by doing so, devise a completely digitised way to rebuild the business from the ground up. This can create a modernised and innovative way to operate and bring the company into a new era of success. Not only does this create an opportunity to be more efficient, but it also allows for a greater level of creativity and adaptation to an ever-changing marketplace.

By taking a risk and embracing the reward, we create the potential for a new level of success for the company. As long as the risk is calculated and managed responsibly, the results have the potential to be great. With the right plan in place, the results can be truly remarkable.

However, this approach is not suitable for everyone. A few examples where it might be useful

You're building a new activity, since the company doesn'treally exist yet makes it the right moment to build for scale right from the start
Your business-model is extinct, and really needs a fresh approach where restructuring is the only way forward.

Incremental Change, a low stakes approach

Small steps taken one at a time, with low risk, can be a very attractive way to achieve success. This is especially true when focusing on the low-hanging fruits or the areas of the business most ripe for improvement.

It can be intimidating to attempt to make changes to complex systems. Still, by taking small steps and targeting the areas that are most ready for improvement, it is possible to make lasting changes that can have a positive impact.

This is especially true, if you company is already on a high growth trajectory where the growing pains are hard to resolve in industries where there is a structural shortage of talent or if you're dealing within an industry that has low margins but high volumes.

Also, here, this approach has its time and place. Under the wrong circumstances, it's the most costly of the two. Here are a few examples of why it could be the right approach:

- Your organisation is complex, with many exceptions and unclear processes
- The company is large, with many departments, where change is challenging due to the human factor.

Determine Your Current State of Affairs

Before you can automate, you need to understand your structure thoroughly, including the processes on both macro and micro levels. With a detailed knowledge of your structure, processes, systems, and current challenges, you will be capable of reaching down to the core of your business's affairs. Reaching deep and rebuilding your company's DNA is an immensely crucial part of your company's transformation.

The reality is that successful Digital Transformations are as much about attitude, desire, and team cooperation as it's about integrating new tools.

Determining the current state of affairs, is therefore, an important step. It will show the realities of working together and needs of the organisation and its people. In turn, it will help you create processes that will run on auto-pilot; Automation, if you will. Automation is about giving your customers the best with consistent results and simultaneously reducing your overhead to an absolute minimum.

To determine your current position, create the workflows of every section where you desire to change. You can start from the bottom and go up or start from the top and go down. Whichever way you do it, make sure you don't get bogged down in the nitty-gritty. It's about data flow and decision making, combined with discovering internal challenges.

For a Complete Overhaul example, let's look at our manufacturer's current state of affairs:

A textile-accessory manufacturers focused on manufacturing white-label products caught in a time when manufacturing was outsourced to cheap-labour countries. So how does a company build around traditional values of quality and local employment survive? Everything they do is too expensive, and clients run away in flocks. So how do you turn this around?

The reality was that independent of market conditions, this manufacturer had several strengths:

- Proximity to their end customer
- Knowledge and team to deliver high-quality products
- Ideas and the ability to quickly materialise the products

Incremental change example, let's look at this multi-channel retailer:

A multi-channel retailer owning twenty-five stores started offering eCommerce. 50,000 products were manually added and updated to the website. The team did this manually, just like orders were copy-pasted into their Legacy ERP (ERP system from a previous era).

Clients can order anything at any time, even out-of-stock products. How can an organisation be profitable dealing with high-volume, low-margin sales when every interaction requires manual work? How can they create happy customers when they are selling out-of-stock products?

The reality was, independent of the size or success of the organisation, they have to:

- selling discontinued products as the team cannot manage 50,000 products
- copy/paste orders from one system to the other

Action Items

☐ Determine your current state of affair
☐ Create workflows of every section to be changed
☐ Identify your strengths and weaknesses
☐ Understand what it would mean to do a complete overhaul or incremental improvements
☐ Determine the rewards for for each transformation strategy
☐ Identify areas most ripe for improvement
☐ Create a mindset of helping the team help the customers

GOALS:
ENVISION YOUR FUTURE AND
DEFINE SUCCESS

Whether you're trying to redefine your business from the ground up or tweak specific parts for higher efficiency, what matters is that you are clear on the goals.

You, your team, and all your stakeholders must fundamentally see and believe the end-result. No matter how minor their input may seem, the belief in the success of your Digital Transformation will rest entirely on your team. Why, simply because a transformation of this nature is in many cases a of faith.

Instead of giving you a bunch of theory, let's jump straight in with some examples. With these examples, we'll be able to build the rest of the Transformation Structure. Just remember: don't take your eye off the goal once in motion. Often during a Digital

Transformation, our vision gets muddled. When it does, it's good to take a step back and ask yourself why. Once your error and solution are identified, it is important to push forward. If you don't see to solution to a problem, try turning the problem on its head.

Example One: Complete Overhaul Manufacturer

Let's define the end-goals for our manufacturer, who is in need of a complete overhaul:

To enable the while-label company to become profitable again, they need to leave behind the past and embrace the new technologies of the future. So let's map our goals:

- Proximity to their end customer: They can deliver straight to the end consumer and heavily increase their margin through verticalization.
- Knowledge and team to deliver high-quality products: They have a product with great value and fantastic quality.
- Ideas and the ability to quickly materialise the products: The ability to design an launch new product ranges even in an iterative manner is available in-house.

For this company, verticalization through eCommerce was the answer. However, this required them to take a long lead time and low order volume activity. Also, they had to transform into a hyperefficient, short-lead-time, high-volume company. To do this, they will need to automate their complete chain of operations into a smooth process to churn out many micro orders. This instead of few large orders.

Example Two: Incremental Change Retailer

Let's define the end-goals for our retailer, who is looking at a low stakes approach:

The desire for Transformation is evident here. A high volume of orders, with a lot of repetitive work between systems:

Copy/paste orders from one system to the other:

Remove the need to copy orders into the systems. Orders should go straight into the ERP without the need for human intervention.

Selling discontinued products as the team cannot manage 50,000 products: Inventory on the website needs to show the inventory in the warehouses, minus orders that need back processing. Lead times need to

reflect the items available, combined with items waiting to be delivered.

Action Items

- ☐ Envision what a successful future looks like
- ☐ Map out the relevant stakeholders
- ☐ Map out the goals you wish to accomplish

REALISING YOUR ASPIRATIONS

You have now determined your aspirations and problems and you have defined your goals or desires. Now, let's try to connect them together and get some answers. Several things are essential when looking at the solutions; as they say, all roads lead to Rome. However, some of these roads are more efficient and hold more strategic value than others.

Remember: Digital projects are iterative. They are a multi-pass process. So if, at first, you don't succeed. Try and try again.

The Many Roads Leading to Rome

When building meaningful Digital Transformation, it's essential to consider the many choices you will face, because there are many ways to try and accomplish your goals.

Those choices may be internal choices:

- Do we automate our shipping admin-flow first?
- Do we Automation in procurement analysis?
- Do we Automate our invoicing process?

Those choices may also be externally forced:

- If your ERP system is considered Legacy, should we migrate to a different platform, or should we retrofit the current system with modern capabilities?
- Can we integrate with our suppliers or customers via API/EDI (Application Programmable Interface or Electronic Data Interface) - send info straight into the other party's software)?
- Are we capable of leveraging AI systems to make our work more efficient?

When determining your path, think of your team. Is that path fast-paced or slow-paced? You may have the option to make radical, extreme ROI (Return on Investment) changes, but can your team handle such a radical choice?

If you're choosing a slower adaptive path? Does that require redevelopment from scratch when you wish to expand? Again, high ROI approaches are often highly desirable when building your first Digital

Transformation, especially if you're only trying to grab some low-hanging fruits. Don't overthink it; learn, do, and enjoy.

Example One: Complete Overhaul Manufacturer

If this company chooses to go for a quick and fast reconstruction of its structure, that might be perfectly well for a first proof-of-concept. However, as soon as they start discovering their new path and decide on new requirements, e.g. marketplaces or customer expectations. They may conclude that their entire system needs a structural rewrite. In the case of our soon to be D2C Manufacturer, a complete rebuild is exactly what is desired and this is the choice that should be made.

Example Two: Incremental Change Retailer

In this case, there is no genuine issue in building something quick. The immediate ROI outweighs the risk of developing structural solutions. For example, the number of returns might cost so much that the ROI of such projects might be weeks.

Deciding which road to take is worth actively considering. Make sure you attract the right partners.

Commission a partner who understands your vision, or even better, someone who can give you strategic insights and has the experience of making the right choices considering your circumstance and ambitions.

The truth is that even for experienced Digital Transformers - or Tweavers - as I like to call them. There are still many ways to approach a problem. Digital Transformation projects like these are more often like an art than a science. If you find yourself in a position wanting to move forward and looking for a partner, get in touch via sd@tweave.tech. My team and I will happily help you create clarity and get you back on track with company growth and other goals you may have.

Selecting the Right Solution

As established previously, there are many ways to solve your Digital Transformation problems. You may want custom development or the ability to use something out of the box. However, someone may have solved similar challenges already and decided to commercialise them.

Before making a choice, knowing precisely what you want and what this solution should do is crucial. More often than not, technological decisions will heavily

impact your organisation's core. Therefore, you want to be aware of the impact of each solution. Any impact will play on a financial level, growth level, and strategic direction level.

Choose your partners wisely, and prepare well. Both on a macro- and micro level. Only then will your digital partner be able to tweave you the right technology.

Example One: Complete Overhaul Manufacturer

We have already established that they are looking for a complete overhaul of their organisations. But what is the right solution? Here are two choices they had:
Using a pre-developed ERP. There are many ERPs around us; some generalist, others niche, and others can be adjusted to try and match your requirements.
Building an ERP from scratch. There was also the option to create an ERP from the ground up. This would allow the company to focus on process efficiency, not the tools.

The choice here was a hybrid one. The ERP was built from scratch. And all customer service tools were cleanly integrated with the bespoke ERP.

Reasoning: All the pre-built ERP candidates either

needed many adjustments or were unable to focus on the high degree of Automation required. The goal was to reduce administrative workload by at least 60%. In reality, 95% was reached.

Example Two: Incremental Change Retailer

The same goes for our retailer, their software tools to connect and avoid the incorrect stock or copy/pasting of orders? I can hear you thinking, 'just install an app'. However, we're not dealing with software written for interconnectivity. We're working with legacy ERP on one end and API-first applications on the other. Neither plays nicely together.

Their solutions are:

- Complete ERP overhaul, a slow, expensive and painstaking process which would leave them handicapped for a long time with a high cost of ownership.
- Custom middleware software, a piece of software developed specifically to deal with the handicap of their ERP and resolves their problem in weeks, not months or years.

Considering the challenge and number of people affected by overhauling the ERP made it a tough sell.

Especially compared to the implementation speed and TCO of a custom middleware. Choosing a custom middleware was, therefore, the right way forward.

In both of our examples, bespoke work was done to different degrees.

This approach matched the goals seamlessly. Both companies would not be served well by purely using off-the-shelf tools. You should consult your Digital Transformation partner to determine which solution is right for you. Don't fear choosing bespoke tooling. They may, in some cases, be more costly upfront. However, basically pay for themselves in dividends and in terms of efficiency due to their requiring very little maintenance. Therefore, if correctly selected, has no mentionable license fees.

Action Items

☐   Get on one line with your team
☐   Choose a partner who understands your vision
and has the experience of making the right choices.
We from Tweave, recommend Tweave ;-)
☐   Determine the impact of each solution on a
financial, growth, and strategic levels.
☐   Consider the speed and TCO of the solutions

GREAT SOFTWARE IS AN ART, NOT A SCIENCE

Contrary to popular belief, great software is an art, not a science. Many intelligent people can write software. You'll find them all over the world, but writing software and using software to improve your business are two completely different worlds. Both your partners and your advisors must understand that distinction. Any programmer worth their salt can come in with some tool to track your tasks and send them somewhere. However, designing and developing tools that can fundamentally restructure and improve your business for the better is genuinely an art.

Past, Present, or Future?

Most software focuses on giving the user more information, more data, and more decisions to make. These tools are glorified databases and that's great, for your competitors. But if you want to really beat out

your competition, you need a sharp competitive edge. This competitive edge will only be created by truly understanding the market's needs and the possibilities of a true Digital Transformation.

Iterative Process

Redefining your business will be hard, but don't forget that Rome wasn't built in a day. Think back to your school days: you weren't learning Calculus on day one. Maths came with a learning process; successes and failures. So will the process of redefining your business.

As with our school careers, developing great software, we must consider Digital Transformations an iterative process. It's not something you launch or a button you flip. It's a trail and error, so getting your team on the same page and selecting the right partners is crucial. When you embark on this journey, you want to arrive at the destination safely. The right partners and the right attitude will make it so.

Selecting the Right Technology

There is no 'one-size-fits-all' answer. Various parts of the company will have different needs, for example:

- Customer service probably use a ticketing system

- Sales will use a CRM
- Operations will use and ERP
- Accounting will use accounting software

Let's make sure the right people have the right tools. So let's look at the tools objectively and determine whether existing tools can deal with the workload or if you need bespoke work done. There will probably be some degree of custom work required. The degree of custom work will depend on your vision's needs and end goals.

As a rule of thumb, let's consider that the Transformations described in this book are modular. That means when selecting software, we'll look at the following:

- Match: Does the tool work for the team?
- Integrations: Do the tools deeply integrate already with our other tools or can we make sure it can have access to the right information?
- Future-proofness: Is the tool truly a right fit going forward for years? Or is it something of the old world that doesn't create that sharp competitive edge?

Based on these answers, one would map out the data-flows and bring the puzzle together.

Action Items

- ☐ Get team aligned and select the right partners.
- ☐ Juddge tools and determine your priorities.
- ☐ Map out data-flows, bring the puzzle together.
- ☐ Select the right technology for the right job.
- ☐ Determine if the tool is a right fit going forward.

CALCULATING ROI

Return on Investment (ROI) is the most important factor to consider when making any investment decision, yet it is often overlooked. Calculating the ROI of your Digital Transformation is a critical step in the process of analysing the potential risk and rewards of the changes you're about to make.

Looking Beyond the Horizon

It's important to realise that some projects have undeniable ROIs so high that the cost calculation may not even matter, like in our second example with our retailer. However, for our manufacturer in example one, the ROI was much more subtle since the business needed re-inventing. In the case of our retailer, this ROI was immediate, a matter of weeks.

More often than not, ROIs have a subtle influence that is not consistently measurable in direct return - let's call

them soft returns. Here are a few examples:

Automated order processing leads to faster order rotation which is directly measurable. However, it will also lead to increased customer satisfaction, fewer ghost orders (orders that have been sold, but were no longer on stock), and reduced returns. This is a soft return. Overhauling your article structure and investing in a PIM (Product Information management) will improve the quality of your website data and drive conversions is a hard return. But it will also help your floor sales serve customers quicker, allowing them to serve more customers is a soft return.

When judging the ROI of your Transformation, look beyond the immediate financial return. Ask yourself:

- Does this decision empower my team?
- Will it increase consistent results?
- Will it give us a sharp competitive edge?
- Will this investment allow us to outpace the market and become a market leader?

These are some crucial questions that one must ask oneself in order to truly appreciate the possibilities of these projects. And understand the long-term implications and advancements you can make a business.

Determine Total Cost of Ownership

Digital Transformation can be complex, especially if not everyone is on the same page regarding the end goals. In addition, changing the rules of the match during playtime can prove very costly. So when you look at the budget, be aware of the clarity of your desires and goals. Make sure your partner understands both your company and its structure well. And finally, be mindful of your running costs, the recurring ones. For example:

When using OpenSource technologies, the estimated cost of licenses will be low to non-existent. But when using Microsoft-based solutions or Saas based solutions, there will be an integral part of your annual budget.
- Support required.
- Cost of development
- Investment from your staff in time is often overlooked as well
- Cost of training and training time when new team members are introduced

So What About the ROI

Once you calculate the TCO, or Total Cost of Ownership, you understand what the current situation is costing you. All that's left is estimating the potential

savings or growth.

Take these suggestions as proposed. Multiply them by your volume and compare this to the TCO and don't forget both hard and soft effects of your investment. Some projects might not be profitable until weeks, months, or even much longer. It all depends on your goals as an organisation and your experience and appetite for Automation. This may also your goals in terms of scalability and growth. Again, the right partner will be your guide.

Action Items

☐ Understand your soft-returns
☐ Estimate the potential savings
☐ Understand your appetite for Automation
☐ Calculate the ROI of each approaches
☐ Compare potential savings to TCO and soft effects of investment

ALIGNING YOUR TEAM

Your team is vital. Although this chapter is the last, it should not be taken lightly. Your team's willingness to adapt and transform with your company will be the source of success or failure.

While this is the number one reason Transformation projects fail, it often stems from a fear of change and, therefore, loss of income. As a result, many will assume their job is on the line. As you can imagine, this is immensely counter-productive situation. It's essential to make sure you take the time to align your entire team.

Help your team focus on the bigger picture and guide the members to see how this will increase their worth. For example, showing the value of what other tasks could be doing for them. They could be adding real value for the business and themselves by removing daily labour intensive tasks. Skipping the team-alignment

step is the biggest mistake that decision-makers make. Skipping this step leads to most of the project failures. Your vision of a future needs to be supported by everyone involved.

Let's try to make this somewhat concrete. Your accountants could be focussed on discovering loss-posts in your organisation instead of copy-pasting invoice information. In that case, you're not only helping the accountant accomplish more, but also increase their capability. That way they become an essential part of the team and they will deliver more value to you.

All in all, I'll repeat it again: Preparation is key. Without the support of your team, you have a significant chance of a failed project.

Action Items

☐ Understand each stakeholders' drivers and desires

☐ Align the entire team with the bigger picture and guide them to see how the Transformation will increase their worth

FINAL NOTES

No Transformation is without change. Your business will change, Digitally Transform, and evolve into a new entity. It will come with challenges; much like making an omelette, you'll need to break a few eggs. In the end, a bright new future is waiting. A tomorrow where your company will not only exceed your KPIs, it will become a breeze to train and onboard people in those automated sections of the organisation.

To summarise our learnings:

- Digital Transformations are not magic, but may look like it to the uninitiated.
- Digital Transformations are about simplification and workload reduction.
- Make sure you get the basics right.
- You, your team, and all your stakeholders must fundamentally see and believe the end-result.
- If at first, you don't succeed; try and try again.

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- Selecting the right technology.
- Calculating the ROI of your Digital Transformation is a critical step.
- Help your team focus on the bigger picture and guide the members to see how this will increase their worth.

THANK YOU

This book was written in mind with being an inspirational working book. No fluffy content, no long winded theories; just packed with knowledge to help you make better decisions for your business.

I really hope you've enjoyed reading this book, why not drop me a line and tell me your thoughts on:
sd@tweave.tech

Thanks,
Sascha

PS: Follow me on Linkedin
- Sascha Dobbelaere -
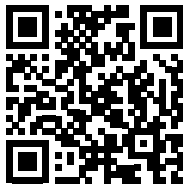
THE JOURNEY OF A DIGITAL
TRANSFORMATION

The Journey of a digital transformation is a summary of 20 years of experience in transforming businesses with a mixture of top-down and bottom-up approaches to give you the mindset needed to help you transform your organisation with great success.

It's a practical guide to help you on your way and inspire you and your team to re-invent the businesses, no matter your goals.

Sascha Dobbelaere
www.tweave.tech