Executive Guidance

Speed Up Your Digital Business Transformation

A new playbook for business model change

January 2019
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Introduction

Digital business is maturing: The early days of experimentation and “digital dabbling” are giving way to scaling digital business, but progress to date has been slow and disappointing.

Plenty of CEOs want to transform their businesses: Two-thirds say they expect their companies to significantly change their business models in response to digital technologies. The problem is the snail’s pace at which that change is occurring. More than 70% of executives say their company is less than halfway through business model change efforts despite having been at it for more than two years.

Nearly three-quarters of executives admit to being dissatisfied with current transformation efforts. Why do businesses get stuck on the transformation journey?

Many tell us the problem is lack of clarity about the right path for business model change. The path is clouded by poorly understood technologies, blurring industry boundaries and changing market dynamics. On top of that, each decision has consequences that cascade through the business.

Gartner research has found:

- 87% of senior business leaders say digitalization is a company priority
- 62% of CEOs say they have a management initiative or transformation program underway to make their business more digital
- 72% of strategists say their company’s digital efforts are missing revenue expectations
- 67% of companies have missed expectations of profit growth from digital

Source: Gartner
Given the difficulty companies face in transforming their business models today, we took a close look at how dozens of companies have approached this imperative.

Our research shows there is a way to speed up the process. Companies move twice as fast on digital transformation when there is a shared understanding — among senior leaders, strategists and the organization as a whole — of the digital path ahead.

To find the best path to future success, these progressive companies explore a range of options far outside their current business. And instead of exploring change from the perspective of the current business, they define the future state first and then later consider its connection to the current business.

This approach isn’t easy. It leaves long-held assumptions by the wayside and requires the organization to identify where and how to invest in a vision of the future without jeopardizing the existing business. This type of business model change is possible, however. In fact, it is critical given the complexity of business changes needed to respond to fast-moving digital trends.
This issue of Executive Guidance looks at how senior leaders can enact this type of digital-era business model transformation. Here’s what we learned:

1. **Question tried and trusted approaches to business model transformation.** Emerging digital trends invalidate many of the common assumptions you operate under and impact how you select and execute critical transformation initiatives and activities.

2. **Look to anchor transformation efforts around potential areas of future competitive strength.** Identifying those areas takes a new approach — one that goes far beyond just implementing new technology.

3. **Disperse business model tests.** Popular “fail fast” pilots rely on iterative development and testing, and often miss critical insights into how new business models work. You’ll need to break apart and test pilots simultaneously to improve the quality and speed of your business model exploration.

4. **Establish governance structures that help the firm build knowledge at scale.** To effectively engage the enterprise in transformation efforts, you’ll need to rethink how the organization learns and shares knowledge, because the organization as a whole has an enormous amount to learn from business model experiments and experiences.

Business models are the blueprint to create, deliver and capture value. Digitalization doesn’t change the fundamental need for, or structure of, the business model, but executives need to shred some very foundational assumptions about how best to evolve their businesses to succeed.
CHAPTER 1

What Is Business Model Transformation, Really?
First and foremost, the process of business model transformation is one of discovery.

Executives must work through a mountain of open issues, questions and unknowns about the changes required to execute business model change. But in clarifying these issues, executives and their teams can formulate the product/services, processes, supply chains, organization charts and more that will secure success.

Those choices inform the business model changes that underlie all transformation efforts. Digital or not, executives must make decisions about changes to their business in four key categories — value proposition, customer, capabilities and finance.

Not only do these changes need to contribute something special in their own right, they must also be deliberately connected to other model components that ultimately boost the firm’s competitiveness.

Business model transformation touches much of the organization, and its success relies on the support and execution of a wide array of functions. If functional leaders don’t explicitly understand their role in the transformation — and align their plans to it — they can become obstacles to successful transformation.
Components of the Business Model

Value propositions are established based on the selected customer/constituent segment requirements.

The capabilities of the business are developed to deliver the chosen set of goods and services comprising the value proposition.

The finance design determines how the enterprise will be compensated for goods and services and how it will recognize value and measure costs associated with the necessary capabilities.

Source: Gartner
Why digitalization makes a difference

Business model transformation itself isn’t new — it’s how 3M moved from mining to sandpaper and Nokia evolved from its humble beginning as a paper mill to the pinnacle of global telecommunications.

But the emergence of new digital technology and the disruption it brings to customer preferences, market dynamics and competitive advantage fundamentally alter how companies must approach business model change.

How do the dynamics of digitalization make business model transformation more difficult?

- From an absolute perspective, the increased importance of digital technology forces more of the organization to contend with technical knowledge and skills gaps in areas once reserved for IT. It’s no wonder that CEOs roundly cite a lack of digital capabilities and talent as the No. 1 barrier and risk for their firms.

- From a comparative perspective, simultaneous transformation across a variety of industries — as is occurring with digital transformation — creates a moving target. Business and functional leaders may have initially set a reasonable course for their digital initiatives only to find that the market moved before the initiatives were complete.

- What’s more, digital technology increases the speed at which firms can scale new business models and lock out potential competitors. This reduces the window they have in which to respond to competitors’ moves and forces executives to improve their reaction time for cross-functional efforts that are often large and complex.
Long-trusted transformation playbooks fail to drive progress

Executives have generally approached business model change by targeting a set of initiatives that fall close to the current business model. Those initiatives are then run sequentially by a team that is largely separated from the legacy business and evaluated by standard business success measures.

We call this approach “stepwise,” given its focus on moving from the current business model to a future one. Here’s how it might look for a company trying to move toward a subscription-based, per-use business model:

1. Invest in automating back-end operations to enable the information flows needed for per-use tracking (as such upgrades were needed anyway).

2. Task a small team to iterate on an e-commerce and Internet of Things platform via a series of “fail fast” initiatives.

3. Once the technology proves operational, conduct a small pilot (measured against pre-existing success measures) to validate the new approach and then bolt the new platform onto the existing product line.

On its face, this route seems logical. It limits the risk associated with investing too much in an uncertain future while reducing exposure of the current business. Executives, freed from legacy business bureaucracy or mindsets, favor the approach for its freedom and speed.
Old ways make little progress

In reality, however, our analysis indicates that the stepwise approach is simply no longer effective. We found that organizations taking this tack were among the slowest at their transformation efforts. They averaged a paltry 16% progress toward business change objectives, despite having worked toward business model transformation for 12 months. At their current pace, it would take them more than five years to fully implement their new business models, allowing new competitors plenty of time to gain a significant market foothold and for markets to shift again.

Progress also isn’t related to the time spent on transformation. There was no discernable difference in the progress these companies made, whether they’ve been at their transformation efforts for six months or two years.

These results also held constant regardless of how “digital” underlying operations were, the degree to which organizations had developed close partnerships with digital-native firms or the level of CEO involvement in driving transformation efforts.

The inability of the stepwise approach to drive business model transformation forward is troubling for all organizations, but especially for those with expansive digital ambitions.
Where Do Your Digital Ambitions Lie?

An enterprise’s digital ambitions reflect a mix of optimization and transformation. Determining the right mix is critical to becoming a successful digital business. Once that mix is determined, functional leaders can effectively set their own plans and budgets to align with and support enterprise ambitions.

**Percentage of Chief Strategy Officers (CSOs)**

<table>
<thead>
<tr>
<th>Degree New Digital Technology Changes How We Operate</th>
<th>Digital Optimization</th>
<th>Digital Business Transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>“Same Money. New Ways”</td>
<td>“New Money, New Ways”</td>
</tr>
<tr>
<td>High</td>
<td>13%</td>
<td>79%</td>
</tr>
<tr>
<td>Low</td>
<td>“Same Money. Same Ways”</td>
<td>“New Money, Same Ways”</td>
</tr>
<tr>
<td>High</td>
<td>3%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Number of respondents = 71 CSOs
Source: 2018 Gartner Strategy Digital Disruption Model
Note: Percentages may not add up to 100% because of rounding.
**Key take-aways**

- To get a handle on the types of change necessary for business model transformation, consider the shifts required to the four underlying aspects of your organization: value proposition, customers, business capabilities and finance model.

- The extent of business model change you face due to digital market trends depends on the extent that your digital ambition focuses on changing how the company operates or how you intend to monetize your business.

- As the majority of companies now strive to leverage new digital technologies to their advantage, executives must find ways to accelerate business model change efforts in order to compete.

- Although firms traditionally take a stepwise approach to business model transformation — with one foot firmly planted in the existing business model — market pressures created by ongoing digital disruption have reduced the effectiveness of this approach.
CHAPTER 2

Winners Take a (Significantly) Different Approach
Although transformation progress often disappoints, there are clearly success stories, so we looked at what, if anything, differentiates organizations that report positive outcomes.

We found a radically different approach to business model change among those that progressed well.

In the traditional stepwise approach, executives explore change from the perspective of their current business — and from there determine how the current business needs to change to transform (as explained in Chapter 1). Top performers, by contrast, almost uniformly focus on defining the future state first and worry about its connection to the current business second.

This involves a fundamentally different way of discovering, interpreting and sharing knowledge, an approach we call “discontinuous learning.”

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**Digitalization requires a paradigm shift**

In the new paradigm, companies regularly explore a far broader set of options tied to potential future states and opt to run initiatives simultaneously with broad organizational involvement.

Consider how this new view might play out for the entity we described in Chapter 1 that is trying to move toward a subscription-based business model. Rather than the stepwise approach, it might:

- Scope a range of initiatives around potential capabilities, value proposition or financial model characteristics that might make its subscription model stand out from the competition
- Run simultaneous initiatives by a range of teams from across the enterprise to evaluate the viability of the future business model while identifying potential conflicts within the current business
Uncertainty Requires a New Approach

How Learning Changes With Uncertainty

**Eras of Relative Stability**

- **Stepwise Approach**

**Eras of Transformation**

- **Discontinuous Approach**

**Reasons the Learning Approach Works in Each Era**

**Stepwise learning works because ...**

- It builds on a business that will not significantly change
- Change happens more slowly as competition is stable
- It confirms that business options work with known market dynamics

**Discontinuous learning is required because ...**

- It uncovers new opportunities better suited to the changing environment
- Competition emerges quickly, requiring fast change
- It uncovers new market dynamics that require new business assumptions

Source: Gartner (December 2018)

Speed Up Your Digital Business Transformation
**Why the discontinuous approach works so much better today**

During transformative initiatives, executives learn what will and won’t work to achieve overall change objectives. How executives design, select and run initiatives to explore potential changes has a big impact on what’s learned and how the organization adapts to new insights. Given the fast-paced and unpredictable changes brought on by emerging digital technology, a discontinuous approach is more effective than the stepwise one for two broad reasons.

First, the discontinuous approach reduces the reliance on prior experience and historical assumptions. When following the stepwise approach, executives largely look to gradually evolve the current business. This implicitly assumes that the underlying business model is well-suited for a digital world and that the unknowns that need to be investigated are few and largely known.

A discontinuous approach, however, forces the business to rethink the basis of its business model design and, through broad testing of potential options, helps to uncover material unknown unknowns (which are impossible to predict or plan for) faster than when there is a more sequential stepping-out from the current business.

Second, the discontinuous approach accelerates the firm’s understanding of digital change. Historically, executives minimize the operational disruption of new business models by only communicating and presenting successful pilots run in isolated parts of the business. However, this takes time. By the time a pilot is deemed successful and effectively communicated and adopted, new competition might already have achieved a near-unassailable market position.
## A Change in Perspective Impacts What Executives Discover During Transformation

<table>
<thead>
<tr>
<th>Initiation Emphasis</th>
<th>Stepwise Learning</th>
<th>Discontinuous Learning</th>
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<tbody>
<tr>
<td>Anchored in the Current Business Model</td>
<td>Explores Future Business Model</td>
<td></td>
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<tr>
<td>How initiatives build off the current business model</td>
<td>How new business models operate</td>
<td></td>
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<td></td>
<td>What new starting points are critical to the success of the future business model</td>
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<thead>
<tr>
<th>Scope of Initiative Portfolio</th>
<th>Narrow</th>
<th>Wide</th>
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<tr>
<td>Eliminating critical known unknowns</td>
<td>Uncovers new unknown unknowns</td>
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<tr>
<td></td>
<td>Increases the odds of detecting assumptions about the market that no longer hold true</td>
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<td></td>
<td>Locates better options by exploring previously uncharted territories</td>
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<thead>
<tr>
<th>Initiative Cadence</th>
<th>Sequential</th>
<th>Simultaneous</th>
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<tbody>
<tr>
<td>How targeted changes can be iterated for improvement</td>
<td>How potential options for change compare to one another</td>
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<tr>
<td></td>
<td>Enables comparison along multiple dimensions to understand the downstream consequences</td>
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<td></td>
<td>Reduces change fatigue that may happen with iterative option testing</td>
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<tr>
<th>Organizational Involvement</th>
<th>Limited Involvement</th>
<th>Broad Involvement</th>
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<tbody>
<tr>
<td>How business model changes can adapt for the firm</td>
<td>How the firm can adapt to business model change</td>
<td></td>
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<tr>
<td></td>
<td>Ensures that change is scalable throughout the business by discovering implementation barriers</td>
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<tr>
<td></td>
<td>Builds understanding and buy-in for change earlier in the process</td>
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<tr>
<th>Measures of Success</th>
<th>Business Outcomes</th>
<th>Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether the initiative will improve current performance</td>
<td>Whether the firm is capable of making the new business model work</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Refocuses initiative selection and evaluation of metrics that enable success of the future business model</td>
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<tr>
<td></td>
<td>Ensures that learning isn’t cut short because an initiative fails to meet financial targets</td>
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</table>
**Discontinuous learning ensures more progress**

The discontinuous approach may not sound like a good way to manage risk because it expands the number of future-focused initiatives being run simultaneously across the enterprise. However, our research showed that firms that take the discontinuous path have adopted a range of tactics and practices that help them blunt the three biggest costs and risks associated with the approach. Via these risk reduction methods, companies have been able to adopt this approach to business model change and achieve 2.25x the transformation progress of typical firms.

In Chapter 3, we outline a range of new tactics and practices these leading firms adopted.

### Progress Against Business Model Change Objectives

| Median Company Comparison |  |
|---------------------------|--
| **Median Discontinuous Company** | 50% |
| **Median Stepwise Company** | 20% |

Both companies have been working against business model change efforts for 24 months.
The Discontinuous Approach at Airbus

In 2015, Airbus recognized that emerging technologies unlocked significant opportunities to enhance current operations as well as explore new business models. Rather than continue its focus on developing aircraft hardware, the company decided to expand its view of value creation. This included new digital business models, such as data-driven services to capitalize on aircraft data.

To make progress in its transformation, senior leaders at Airbus started with a focus on the future of customer needs. This led them to broaden their scope to include developing software platforms — not just hardware — during their business model exploration. As part of this exploration, Airbus invested in a variety of initiatives to understand how technologies would create future value and explored a number of them simultaneously. These initiatives engaged employees throughout the company in knowledge-sharing learning efforts.

Using a discontinuous learning approach, Airbus has launched digital services worth €9 billion to €10 billion. In 2017, it launched the Skywise data platform to integrate data from aircraft sensors, airlines, and other industry players to improve outcomes across the aviation ecosystem. These service- and platform-based models are critical to future success at Airbus.
Key take-aways

- Restructure your learning efforts to move the organization toward a new business model. Digitalization is upending underlying assumptions. Rather than using a stepwise approach, which employs a few targeted initiatives grounded in the current business, use a discontinuous approach. This means launching a variety of simultaneous initiatives aimed at future business models.

- The discontinuous approach is better for digital transformation. The discontinuous take on business model change works best when the underlying assumptions about how the marketplace functions no longer apply and firms must work to discover new truths about how to compete.

- Discontinuous learning liberates transformation efforts. Firms that take a discontinuous learning approach achieve 2.25x the progress against their digital business transformation goals of those taking a stepwise approach.
CHAPTER 3

A New Playbook for Business Model Transformation
Our research also shows that organizations taking the discontinuous path adopt a range of tactics and practices that help them blunt the potentially major costs and risks associated with the approach.

To capture the value in discontinuous learning, you’ll need to address all three.

1. **Anchor business model change on future differentiators.**
   Isolate initiatives with the potential to help the organization build a sustained competitive advantage. This improves the focus of what could otherwise be far-flung initiatives and limits the cost of the transformation, guarding against having to fund too many future-focused initiatives.

2. **Break up business model tests into discrete initiatives.**
   This reduces strain on the business and avoids the disruption that a wide range of simultaneous initiatives can cause to current operations.

3. **Establish enterprisewide learning mechanisms.**
   Build processes and programs to coordinate and disseminate lessons learned throughout the enterprise. This avoids potentially chaotic knowledge sharing if multiple teams across the organization are exploring innovation initiatives simultaneously.

**Anchor business model change around what will enable your business to be competitive**

Executives typically estimate the value of future initiatives by focusing on their return on investment (ROI). But when it comes to emerging digital technologies, that doesn’t always work. Technologies have uncertain costs and benefits that often can’t be discerned at purchase. Further, ROI calculations are most credible when they relate to the current business.

As a result, senior leaders default to selecting investments that show strong value for the current business and that are needed for the future. Although this helps maximize the value of IT investments, it rarely tells the business anything new about what it will take for new business models to win. Technology by itself is often too easily replicated to provide sustainable advantage by itself.

 Progressive companies maneuver around ROI and funding issues by pulling up and looking not at the return of individual projects or initiatives, but at the value of the potential business model they are attempting to move toward. Companies then prioritize those few initiatives that will provide executives a window into whether their organization can establish competitive advantage. By doing so, executives can quickly determine what, if any, adjustments are needed to their future vision while limiting future-focused investments to the critical few. It also prevents firms from wasting investment or time with changes that, in the long run, are unnecessary or an impediment to what will really make the future business successful.
**Identify Your Digital Wedge Points**

Scalene Co.* knew it needed a new way to pinpoint which digital initiatives it should explore. Financial metrics can identify initiatives with a clear return for the current business, but they don’t identify those that help the company learn about future business models.

Rather than rely on ROI for future-focused initiatives, cross-functional leaders at Scalene identified those areas most critical to the success of future digital business models. Specifically, they isolated areas in which Scalene could drive a wedge between what consumers are willing to pay for a product or service and the costs incurred to create it — either by increasing the attractiveness of the proposition or reducing costs. The wider the wedge, the more competitive is the advantage.

Source: Gartner

*Pseudonym
Scalene’s digital wedge points surfaced where three key elements of its business overlapped:

1. Critical future capabilities — those that are critical to creating value in the future business model
2. Unique firm assets — hard-to-replicate assets that give the firm an advantage over competitors
3. Digital technologies — technological solutions to build differentiated capabilities

By combining these three elements, Scalene isolates initiatives with the most potential to create differentiated value for the future business model.

Source: Gartner
Deconstruct business models

Although companies make more progress when they conduct widely varied, simultaneous tests of change options, this approach can be risky. Early market tests help companies learn faster, but they can also prematurely tip off competitors and ecosystem partners about the company’s future plans. They can also disrupt the current business by overwhelming employees or creating unnecessary anxiety about major changes to how the company operates.

Rather than delaying market tests to minimize risk, executives at progressive companies deconstruct business model tests and disperse them in different markets. This approach doesn’t provide perfect information because it doesn’t test all components of the business model simultaneously. But it does provide valuable knowledge that can make a full pilot more successful. By testing more options, executives can gain a deeper understanding of market dynamics and customer needs that have changed. They can also locate better path options and understand the downstream consequences of each.
**DisAg’s Business Model Tests**

Disaggregated tests explore a variety of future options simultaneously in different markets for each aspect of the future business model. To do this, executives:

1. Locate test markets that match the target market’s key characteristics and ensure those markets have the capabilities needed to test the initiative.

2. Sequence tests based on their impact on overall model viability and other parts of the model, identifying what must be learned first so they can understand the full model later.

3. Reconstruct the business model to develop a single pilot, based on the best results across disaggregated tests.

Using this process, DisAg learns earlier from the market without increasing perceptions of risk.

**Disaggregated Business Model Tests Compared to the Typical Approach**

<table>
<thead>
<tr>
<th>What They Test</th>
<th>Typical Business Model Tests</th>
<th>Disaggregated Business Model Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single best new model</td>
<td>Options for each piece of the new model, in sequence</td>
<td></td>
</tr>
<tr>
<td>Where It’s Tested</td>
<td>Across proxy markets with the most learning potential</td>
<td></td>
</tr>
<tr>
<td>An intended target market</td>
<td>Option A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Option B</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Option C</td>
<td></td>
</tr>
<tr>
<td>What Internal and External Partners See</td>
<td>Entire business model change</td>
<td>Discrete initiatives</td>
</tr>
</tbody>
</table>

Source: Gartner

*Pseudonym
Learn at scale

As companies build knowledge through business model transformation, executives must ensure that new insights are captured and leveraged to inform future decisions. Given the need to retain knowledge and increase responsiveness to new information, executives often assign transformation efforts to small teams across their organization. Others assign separate innovation labs or tiger teams to work through significant change before introducing it to the business.

Once these groups have identified promising changes, business leaders try to scale what they've learned across the business. They get senior leaders on board with the proposed changes, then work to build an understanding of why and how to implement change throughout the business.

Progressive companies instead build processes and programs to coordinate learning across the enterprise throughout the transformation. They focus the enterprise on the value of learning, and include people from all functions and business units to generate a full understanding of how the organization at large must change.

Although learning at scale requires more upfront investment, it builds momentum for change. Engagement by all parts of the business involves the broader organization in the change process, rather than catching it up. The company also gets more value from learning initiatives by capturing insights effectively and building on them. This enables a deeper understanding of how the organization should change and why the change will help it win.

Learning at scale moves the organization toward a unified vision of the future, even as it tests multiple options for achieving that vision.
Pearson Establishes a Critical Mass of Learning

To determine whether the organization is learning deeply and broadly enough about key transformation objectives, Pearson assesses its learning initiatives against two primary vectors:

1. **Learning coverage of key objectives.** Having too few learning initiatives in the organization is just as troublesome as having too many. The key is to ensure that each key business transformation objective is effectively covered by learning initiatives.

2. **Cross-enterprise participation and enablement.** Given that the transformation will impact the whole business in one way or another, initiative teams must be diverse enough to represent important considerations across the firm. This helps to ensure that hidden opportunities and risks are surfaced and addressed before the transformation path is finalized. It also helps individuals throughout the organization understand how their own roles fit into the transformation.

This approach delivers what Pearson calls a “critical mass” of learning coverage. The organization garners broad exposure to digital transformation efforts, which lessens the future learning curve for scaling business model changes and results in more effective and inclusive transformation efforts.

### Digital Transformation Insight Assessment

<table>
<thead>
<tr>
<th>Contribution of Initiatives to Overall Transformation Goal</th>
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<tbody>
<tr>
<td>How much do we need to take on to learn about each aspect of business model change?</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Cross-Enterprise Participation</th>
</tr>
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<tbody>
<tr>
<td>How much involvement do we need throughout the firm to ensure that everyone is prepared for business model change?</td>
</tr>
</tbody>
</table>

Source: Gartner
Key take-aways

- The discontinuous approach to business model change centers on learning which assumptions no longer hold so you can venture out on previously unknown paths and explore a broad range of options far outside current businesses and paradigms. Take deliberate steps to blunt the potential costs and risks of this bold approach.

- Narrow your field of exploration by focusing on initiatives with the potential to help the organization determine whether it will be able to build a competitive advantage. This eliminates initiatives that could otherwise be too far-flung to be cost-effective.

- Separate business model tests into discrete initiatives that avoid the potential disruption that a wide range of simultaneous initiatives can cause to current operations. Run coordinated tests of multiple options to ensure you understand the interplay between critical components of new business models.

- Build processes and programs to disseminate learning throughout the enterprise and avoid the potential chaos of sharing knowledge across multiple teams exploring disparate innovation initiatives. Look to engage the entire enterprise in business model exploration and communicate where its value lies for the future of the business.
Conclusion: Help Your Organization Be Brave

Most companies have difficulty transforming their business models, and that difficulty is only increasing as digitalization disrupts all components of their models. Progressive companies have achieved greater success by adopting a modern approach more appropriate for the digital era.

These companies realize you can’t transform the organization by building on the current business via incremental investments or testing new business models in isolation. You need to be bold and test entirely new business models in ways that engage large swaths of the company.

Getting started: Are you playing your part?

Business model change is an enterprise activity that requires concerted coordination. Functional leaders play a critical role in ensuring the effectiveness of digital transformation efforts. To start, senior leaders should consider:

- How can my team contribute to those critical few capabilities that will enable our company to compete in future business models?
- Are the digital investments we’re making for our team focused solely on the performance of our current business or will they help us support future business?
- How involved is my staff in new business model exploration? Is there a greater role they can play in helping identify unknown unknowns that might prevent transformation?
- Are we holding off on change until entire systems and business models can be tested/implemented? Can we define discrete initiatives that will help us test new approaches more quickly?

Business transformation has always been challenging, but digitalization is upending long-held assumptions. Be prepared to challenge and validate your assumptions and choices. Take the discontinuous learning approach to identify and launch a wide variety of future-focused initiatives, using the entire organization as an engine for discovery — and garner much-needed clarity into the transformation path with the most potential to create value and move your organization quickly to seize competitive advantage.
Discover insights, tools and templates to foster successful transformation in your function. Visit https://gtnr.it/business-model-change to access resources for your function.

**All Leaders**

**Blog:** Discover why all organizational functions can and should be engaged in driving digital transformation.

**Audit Leaders**

**Research:** Find out how to more effectively assess risks and allocate audit coverage to align with the organization’s key risks.

**Research:** Learn about new trends in emerging risk areas that internal audit departments are focusing on right now.

**Communications Leaders**

**Blog:** Discover why communications leaders have a crucial role to play as the business prioritizes digital.

**Research:** Learn to resolve cultural tensions by clarifying organizational priorities during times of change.

**Blog:** Hear why communicators need to hone employees’ ability to make the right decisions and improve their performance as business models evolve.

**Finance Leaders**

**Research:** Identify 4 critical areas finance must address to support the digital business.

**Research:** The digital business is more important to CEOs than ever. Discover the implications for finance teams.

**Research:** Review how finance can drive business efficiency and productivity with robotics process automation.

**Human Resources Leaders**

**Article:** Review this excerpt from the “Future of HR,” as Brian Kropp sheds light on HR’s role in leading digitalization.

**Blog:** Discover 3 priorities for CEO-CHRO collaboration in the digital age.

**Blog:** Learn how to foster innovation to drive digital transformation.
A Leader’s Guide to Driving Business Model Change Across the Organization (Continued)

Discover insights, tools and templates to foster successful transformation in your function. Visit https://gtnr.it/business-model-change to access resources for your function.

Information & Technology Leaders
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Blog: Find out how IT leaders can help their organizations avoid digital transformation fatigue.

Webinar: Learn how IT leaders can create new business models based on business ecosystems.

Legal & Compliance Leaders
Research: Learn the 4 key actions to enable your organization’s digital growth while still effectively managing risk.

Guide: Learn about the three steps needed to transform your legal department to support enterprise capacity.

Blog: Find out what three actions you should take to empower your organization to own compliance risk.

Marketing Leaders
Research: Learn how to reduce risk and increase the odds of success by working with IT colleagues to identify, evaluate and refine new value propositions, customer segments, capabilities and financial opportunities.

Research: Gain clarity on the relationship between business strategy and enterprise operating models for marketing leaders and show them how to respond when digital strategy changes.

Research: Learn how to develop a compelling story for critical change that engages all stakeholders, with this toolkit for driving digital change.

Procurement Leaders
Research: Discover how to develop a long-term digital strategy roadmap for procurement.

Research: Identify the 5 critical shifts required to prepare your procurement team for 2020.
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- **Research:** Learn how sales leaders can enable their reps to win more B2B deals by optimizing their digital channels to influence buyers’ critical purchasing decisions.

- **Blog:** Learn how sales leaders can partner with IT to drive digital commerce and support digital business transformation.

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- **Benchmark:** See how service & support leaders are prioritizing future technology investments.

**Strategy Leaders**

- **Research:** Identify the 5 critical shifts required to prepare your strategy team for 2020.

- **Benchmark:** Uncover which activities strategists will prioritize in 2019.

- **Case Study:** Discover how Alpha Co. (pseudonym) involves the organization broadly in digital transformation.

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