RAM CHARAN AND RAJ B. VATTIKUTI

THE DIGITAL LEADER

FINDING A FASTER, MORE PROFITABLE PATH TO EXCEPTIONAL GROWTH

WILEY

RAM CHARAN AND RAJ B. VATTIKUTI

THE DIGITAL LEADER

FINDING A FASTER, MORE PROFITABLE PATH TO **EXCEPTIONAL GROWTH**

WILEY

Published by John Wiley & Sons, Inc., Hoboken, New Jersey.
Published simultaneously in Canada.

For general information on our other products and services or for technical support, please contact our Customer Care Department within the United States at (800) 762-2974, outside the United States at (317) 572-3993 or fax (317) 572-4002.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at http://booksupport.wiley.com. For more information about Wiley products, visit www.wiley.com.

Library of Congress Cataloging-in-Publication Data is available:

ISBN 9781119900085 (Hardback)
ISBN 9781119900108 (ePDF)
ISBN 9781119900092 (ePub)

Cover Design: Wiley
Cover Image: © nadla/Getty Images

Dedicated to the hearts and souls of the joint family of twelve siblings and cousins living under one roof for fifty years, whose personal sacrifices made my formal education possible.

—Ram Charan

This book is dedicated to the practitioners who drive digital business change; your dedication is an inspiration.

—Raj B. Vattikuti

Contents

Acknowledgments

The ever-changing nature of technology and the proliferation of data has been the catalyst for the extraordinary growth in the demand for digital business. Companies are literally reinventing themselves at an increasing rate and frequency. Those companies that embrace this new paradigm will find success; those that don't will fall further and further behind.

We want to thank the practitioners who contributed to this book. They understand that companies are dealing with complex challenges and struggle to implement needed change on their own digital journey. They are industry experts working with companies across the globe helping to simplify business and technologies that bring speed, scale, and outcomes. We created this digital playbook to provide the guidance, approach, and real-world examples to help others achieve success in their own digital business transformation.

A special thanks to Anil Allewar, Zoran Bogdanovic, Dennis Carey, Paras Chandaria, Badhrinath Kannan, Anuj Kaushik, Gautam Makani, Jayaprakash Nair, Jac Nasser, Raghu Potini, Ignacio Segovia, Minoj Singh, Anil Somani, Krishna Sudheendra, Raj Sundaresan, Vipul Valamjee, Srikanth Velamakanni, Sivanandam Venkatasamy, and George Zoghbi.

We also want to thank James Sterngold for turning our ideas into text, Geri Willigan for her contributions, and our editor Zach Schisgal and the Wiley team for their guiding hand throughout the process.

Part One

1

The New and Simpler Path to Digitalize Your Business

You've heard the dire warnings to companies that have yet to incorporate digital technology into their business. "Digitize or die" is shorthand for the simple truth that you cannot compete for long against companies that are using algorithms and machine learning when you are not. The other players will be better than you at understanding and delivering what customers want, better at pricing, better at widening their margins, and better at generating cash.

The imperative to digitize is clear, yet what we hear in countless conversations with senior leaders of high-performing companies around the world is that adopting digital technology is too expensive, too disruptive, and takes too long. Some companies have spent tens if not hundreds of millions of dollars trying to become a so-called digital business with little to show for it; they are losing faith that the benefits will ever materialize.

Then there are others who still don't know how to start. Even mounting evidence that digital technology can take your company to great heights—as it has for some traditional businesses as well as start-ups—is often not enough to get a company to move.

The good news for laggards as well as those who are knee-deep in costly and frustrating efforts is that the technology industry itself has crossed the Rubicon. Making your company digital doesn't have to be a "big bang" that upends the entire organization at once or is a never-ending cash drain. It is now faster, cheaper, and easier than ever. It can be implemented in small pieces, each of which delivers measurable results that in turn can fund follow-up projects that are easily linked together.

This is newly possible because in the past few years, a cottage industry of small vendors has emerged that is taking advantage of advances in machine learning and artificial intelligence. Many of these vendors employ people who are not just technically astute but also have business savvy. They are highly skilled in providing the precise applications of ML and AI a client company needs to address its pain points. What they accomplish is not merely *digitizing* the business—meaning converting information into 1s and 0s—but *digitalizing* the business, meaning combining relevant data with algorithms designed to quickly deliver the critical business outcomes the company needs.

These developments make digitalization eminently doable. The amount of cash you need to get started is manageable for almost any company. And if you home in on the right places to start, the benefits will materialize much sooner than you think possible.

This new group of vendors—or digital enablers, as we have come to call them—are not well known, but they have track records of delivering cutting-edge technology for companies of all sizes. Even some of the digital giants, such as Amazon, have used their services. With the help of a digital enabler, a company can begin its digital journey in months, not years, at a cost closer to $400,000 than to $4 million, with measurable results in as short a time period as six months.

We have taken numerous clients on this journey. The anxious call we received one evening in August 2020, at the height of the Covid-19 pandemic, from the president of a large clothing retailer, is one example. The president explained that his stores in India were completely cut off from customers when the Indian economy went into lockdown. That had led to a domino effect—without a functioning website for e-commerce to replace the lack of in-store sales, inventory was backing up in stores and warehouses, crippling suppliers, and strangling revenues. Even worse, it's flagship high-growth brand was built on satisfying customers. Its inability to meet their needs meant customers might become disillusioned with the brand.

The next day, Ram contacted three of the best digital enablers he knew, and in consultation with the president agreed on one of them. He immediately called that firm's CEO and, within 72 hours, the vendor and the retailer had each assembled teams that would work together to plan and oversee the project. The digital vendor's team of data scientists, algorithm experts, and other software technicians flew to India to get their arms around the problem.

The following week the digital team presented its model for building a new digital platform to support the company's website and e-commerce in India and give its management easy access to data. Just four weeks later the vendor conducted a computer simulation of the new system to prove the concept. Five weeks after that, they had the system up and running.

The retailer came back to life in India, even as the pandemic persisted. Sales were unclogged, cash flow recovered, and the company was energized to plan for the next steps in creating a fully digitalized business.

This example and others like it give you every reason to be optimistic. We have seen digital enablers complete projects of similar scope in a range of businesses—health care, banking, agriculture, and others—with similarly low costs and fast tangible returns. We are convinced that for a vast majority of companies, using outside help to take on bite-size projects one after another is the best way to digitalize a business.

The ultimate goal of digitalization is the same as ever: to tap the immense potential of digital technology to transform nearly everything about your business, from its business model and money-making to its customer relationships, supply chain, and organizational structure. Digital technology can change how you gather information, how you design products, how you make decisions, how you shape your value chain end-to-end, and how you understand and delight your customers.

Such powerful changes require imagination along with technology. Merely plugging in the latest digital tools does not accomplish the same thing. Even if you tackle a digital project to solve an immediate problem, as was the case at