HOW DIGITAL IS YOUR BUSINESS?

Creating The Company Of The Future

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The Web site for this book is at http://www.howdigitalisyourbusiness.com

MAIN IDEA

The arrival of digital technologies provides every business with a window of opportunity to fundamentally reinvent itself to serve its customers better in the future.

The challenge now facing every business is how to design and build a digital business model which harnesses new technology (including the Internet) productively. This is much more than building a good Web site, keeping intouch with customers via e-mail or handling procurement over the Internet. Instead, this is the process of completely rethinking everything the business does taking into account the new realities of the digital business era:

• It's now possible for a business to get customer information in real time rather than lag time.
• With an electronic interface, a business can know rather than guess what customers want.
• More and more, customers should be able to order products configured just the way they want them.
• Technology can handle low-value repetitive work – so people can do other tasks that take advantage of their talents.

In total, there are seven key points to remember in designing and building a digital business model:

Designing and Building a Digital Business Model		
	1	Stop, observe, think and then get started.
	2	Offer choiceboards – highly flexible customer options.
	3	Develop a new business which boosts productivity 10*x*.
	4	Consider the availability of hybrid business designs.
	5	Anticipate all your customers will become highly active.
	6	Overcome the obstacles and roadblocks along the way.
	7	Take the process to its logical conclusion – be unique.

The true objective of developing a digital business model is not to use the latest technology but to expand the organization's strategic options and opportunities to serve customers in ways that are both better and unique.

Historically, companies have created fixed product lines from which consumers were forced to choose. With a digital business model, customers describe exactly what they want and the business then supplies precisely what's ordered. This is a much better way of doing business.

When moving to a digital business model, don't look for incremental improvements. Instead, watch out for fundamental ways digital technology can change the way you actually do business. This is an ideal time to rethink and improve everything your business does.

Contrary to popular thought, the best digital businesses today are not solely Internet based. The really smart companies are hybrids – they offer customers a wide choice of ways to do business with them. If possible, build a hybrid digital business model.

Consumers today are active rather than passive – they like to get involved in configuring products and services just the way they want them. Smart businesses realize that and so they are developing business models which allow customers to participate in the creation of added value.

When shifting to a digital business model, obstacles usually come in two main varieties:
• A lack of insight about fundamental business issues.
• An unwillingness to endure the inevitable pains that will arise during the implementation process.

The lesson is simple. Develop more insight and the courage to endure short-term pain for long-term gains and the digital transformation will be relatively easy.

At the end of the day, adopting a digital business model is all about building a business which will be able to compete successfully in tomorrow's economy rather than yesterdays'. A good digital business will always be unique in the way it serves its customers.

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