Get Your Digital Strategy Right

Idea In Short

Companies that treat digital transformation as a technology purchase tend to lose money and time. The fix is not a bigger budget or a longer list of tools. Executives who succeed start by naming the business outcome they want and then work backward to the technology that gets them there, coordinating operations, customer experience and business model changes as one effort rather than three separate projects. Leaders who wait for a crisis before acting, or who chase isolated tools without a unifying plan, end up with disconnected systems that look like progress but rarely change performance. The decision in front of any board weighing a digital agenda is straightforward: fund a strategy with a clear vision first, then select technology to serve it and put senior executives, not the IT department alone, in charge of driving it.

Caesars Entertainment, the gaming and hospitality group that runs casinos and hotels worldwide, tracks customer behavior with striking precision. Spend time at one end of a casino floor and the company might send a coupon for a nearby restaurant. Wait too long to use it and a cheaper offer for the same neighborhood follows. The same data shapes how guests get welcomed at check-in. It also shapes how a stay gets personalized from arrival to departure. A guest on a losing streak might receive a complimentary dinner. The offer is designed to bring them back to the tables in better spirits, not send them home for good. Caesars built this capability not just for its highest-spending guests, known in the industry as whales. It built it for the much larger group of customers in the middle of the market, a segment many competitors overlook.

What separates transformation from technology spending

Nobody seriously disputes that technology can improve business performance. The evidence for that is settled. What separates the companies that benefit from it from those that don't is not access to tools. It is the strategic thinking behind how those tools get used. A McKinsey survey of more than 1,700 respondents across industries found that digital transformations succeed at roughly 16%. That is well below the 20% to 26% success rate seen in general organizational change efforts1. A separate global survey by Gartner covered more than 3,100 chief information officers. It found that only 48% of digital initiatives meet or exceed the business outcomes they were funded to achieve2. These numbers describe a pattern, not a coincidence. Companies spend heavily on technology and get back far less than they expected.

The gap between spending and results traces back to how leadership frames the problem in the first place. Companies that transform quickly and successfully treat technology as an opportunity to rethink how the business creates value. They do not treat it as a checklist item to keep pace with competitors. That distinction determines almost everything that follows, from how budgets get allocated to which executives own the outcome. Two mental habits explain most of the difference. Some businesses close the gap between where they are and where they want to be. Others stay stuck.

Two habits that block real progress

Waiting until it hurts

Digital transformation is often the last item on a company's agenda rather than the first. Leadership teams wait until change becomes unavoidable. Some hope for certainty about the payoff before committing resources. Others assume that technological disruption belongs to other industries, not their own. Some lack a leader willing to champion the effort internally. Others point to data privacy or regulatory complexity as a reason to delay indefinitely. Whatever the stated justification, competitors do not wait for certainty before acting. The cost of hesitation compounds with every quarter that passes.

The result of this delay is predictable. Companies that wait end up building narrow, siloed digital capabilities under pressure. That pressure often comes from a crisis and a crisis leaves no room for a coordinated approach. What gets built in that mode rarely produces a holistic shift in how the business operates. It produces a patchwork designed to solve yesterday's emergency. By the time these companies act, they have already ceded ground. Competitors who started earlier built capability deliberately, not reactively.

Chasing pieces instead of the whole

Companies that move too slowly and companies that move too fast make the same underlying mistake. Both overlook the actual meaning of transformation. Investing in technology is not the same as building a mobile app or maintaining an active social media presence. It means understanding, in specific terms, how customers experience a company's products and services. It means using that understanding to drive revenue in ways that were not previously possible. Buying every available piece of new technology can create an impression of progress. More often it produces a fragmented mix of incompatible systems and processes instead.

Boston Consulting Group research on more than 900 digital transformations found that only about 30% met their target value and produced lasting change. Companies that addressed six specific factors together roughly doubled or tripled their odds of success. Those factors include an integrated strategy and committed leadership3. A unified view of operations is what allows a company to lead a coordinated overhaul of outdated processes and systems. Without it, leaders get a series of disconnected fixes instead. Companies that do this well transform their entire operation. The rest settle for isolated technology changes that never quite add up to something bigger.

Three vectors, nine domains: the actual shape of transformation

A data analytics program or a machine learning capability might sound like the answer. In a narrow sense, it can be. But a digital effort rarely becomes transformation on its own. It needs to sit inside a single, coherent business strategy to produce more than a collection of point solutions. Consultants, strategists and even experienced executives frequently walk into these projects with a specific tool already in mind. The organizations that actually improve performance integrate those tools and the data behind them into a shared decision-making process. They do not treat each technology as its own initiative.

Researchers George Westerman, Didier Bonnet and Andrew McAfee describe digital transformation differently in MIT Sloan Management Review. They see it as work that spans three interconnected vectors: customer experience, operational processes and business models. Each vector holds three domains of activity nested inside it4. Each vector matters on its own and each one shapes the other two. Many executives find that combining operational process improvements with customer experience work opens the door to new business model innovation. Sometimes that innovation extends an existing model. Nike's FuelBand did this, stretching the company's core business into wearable devices. Sometimes it departs from the model altogether, the way Asian Paints rebuilt its customerfacing operations around digital tools.

Understanding this framework changes how a leadership team allocates resources. Instead of asking which department needs a new system, the more useful question becomes which vector the company is weakest in. A second question follows close behind: how will a move in one area affect the other two? A retailer that improves its supply chain without rethinking the customer experience it enables will capture only part of the available value. Companies that treat all three vectors as one connected system are the ones that turn technology spending into measurable performance gains.

Vision is a leadership job, not an IT project

The surge in technology investment during recent years of disruption has helped many companies overcome old inertia. That inertia once stood in the way of change. Barriers that used to feel immovable have weakened, from outdated technology to plain workforce resistance. Digital adoption has become less optional and more routine. That shift removed one obstacle. It also exposed another one that had been hiding behind it all along:

> the leadership question

Deciding which technology to adopt matters, but it is secondary to a harder question. What is the company actually trying to achieve through technology? A business strategy built around a clear answer to that question is what separates transformation from expensive experimentation. Harvard Business Review's analysis of transformation failures makes the same point directly. Companies put the cart before the horse, the review argues. They select a specific technology first. Only later do they attempt the harder work of fitting that choice into an overall business strategy5. Technology selection without strategic grounding produces motion, not progress.

The most reliable path to a working digital vision runs from the top of the organization down, not the other way around. Senior executives and strategists need to be directly involved in the effort. They should work alongside the teams building and deploying the technology, not issue direction from a distance. Caesars illustrates what this looks like when it works. The company's loyalty program covers tens of millions of members and carries a value above a billion dollars. It exists because leadership decided customer data would be the mechanism for competing on service6. No vendor pitched them on an analytics platform first; the strategy came before the tool. That is the difference between a company that owns its transformation and one that is merely equipped for it.

Executives who get their hands dirty in the details of both technology and business strategy are the ones who successfully interlock the two. They do not delegate one to the other. The alternative, where technology decisions happen in isolation from strategic intent, produces exactly the fragmented outcomes described earlier. Expensive tools, disconnected processes and a transformation budget that never quite transforms anything:

> this is the cost of getting the sequence backward

- 1The keys to a successful digital transformation
- 2Gartner survey reveals only 48% of digital initiatives are successful
- 3Flipping the odds of digital transformation success
- 4The new elements of digital transformation
- 5Digital transformation is not about technology
- 6Big data at Caesars Entertainment: a one billion dollar asset

Summary

Digital transformation succeeds or fails on the strength of the thinking behind it, not the sophistication of the tools involved. Companies that wait for certainty before acting, or that bolt new technology onto old processes without rethinking them, end up with fragmented capabilities that cost money without changing outcomes. The organizations that get it right treat operations, customer experience and business models as one interconnected effort, guided by a vision that senior leaders own and communicate themselves. Caesars Entertainment shows what this looks like in practice: technology in service of a defined business goal, not technology for its own sake. Any executive weighing a digital agenda should start with the outcome the business needs, then build the technology plan to reach it, with leadership driving the effort from the top rather than delegating it downward.