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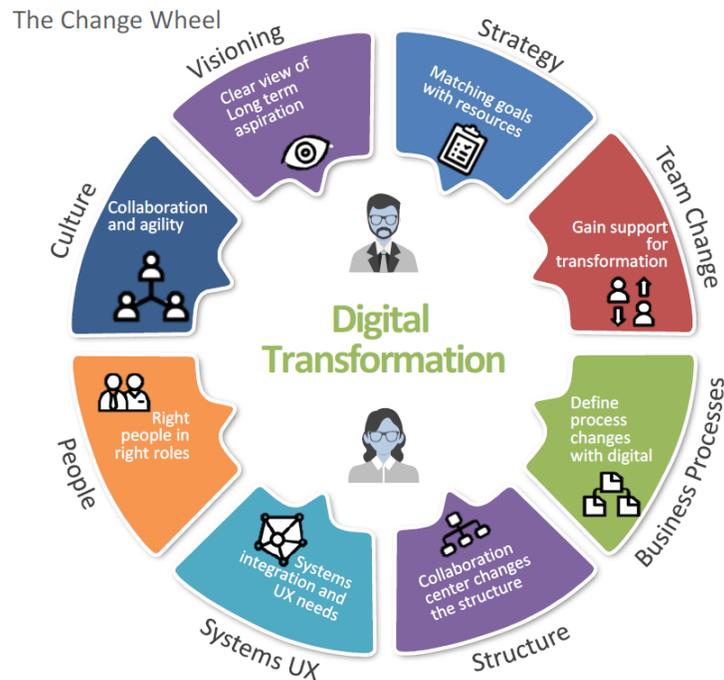
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Successful Digital Transformation Hinges on Effective Change Management

By: Benjamin A. Bonney and David S. Harker



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Gideon Malherbe, VCI Founding Partner

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In the past decade, technology has rocked the mining industry. Automation has become more common-place, remote capabilities have sky rocketed, and real-time monitoring is better than ever. We are mining more for less, operating safer mines, mining deeper than ever, and recovering lower grades for a profit. Mining is catching up to the rest of the industrial world.

Digital transformation is modern innovation.

With the technological craze spreading throughout heavy asset industries, digital transformation is often considered the most impactful advancement an operation can make. Everybody talks about Rio Tinto's 'Mine of the Future' (which was facilitated by VCI) and compares it with their own operation. And while there is no shame in manually operated equipment, a lack of underground wi-fi, or lack of a collaboration center, the absence of these innovations means an opportunity is being lost to improve operations. Digital technology is better, faster, and more efficient. Digital technology has the potential to decrease downtime and overhead, all while increasing production and recovery. Digital technology is viewed as the Miracle-Gro of mining, sprinkle the right amount in the right place and everything is better.

Digital transformation is not easy.

Anybody who has attempted to integrate new technology into an operation can say that it is never as easy as Miracle-Gro. Even after all the planning, engineering, financial analysis, and projection, it doesn't always work according to design. Unexpected malfunctions or damaged equipment can create extensive downtime with new technology. Operators often continue to do things "the old way." New technology is sometimes simply ignored or unused and any possible improvements can be thwarted. It poses the question, "What did we do wrong?"

Technology is *not the only part* of the solution.

Although it may seem the most impactful, it's not the new technology alone that's going to solve your problems. Although necessary in making these advancements possible, digital technology is only part of the whole solution. The whole solution requires that this new, different technology be accepted and supported by the workforce. To support the changing technology, a flexible workforce and a renewed business strategy is necessary. All areas of the organization must be prepared to support and integrate the new advancements.

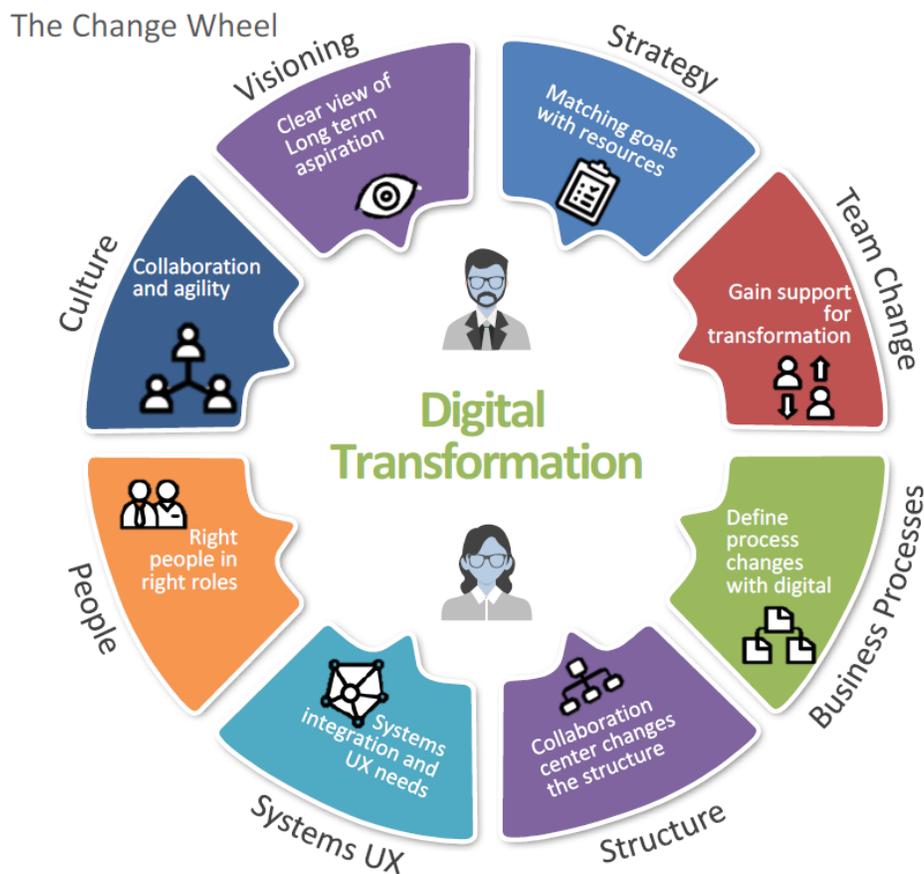
Why do digital transformation efforts fail?

The evidence supports the need for effective change management when implementing new digital technologies. A joint project conducted by the Wharton School and the Gartner Group

asked the question: “What are the primary obstacles to successful strategy execution?” The results demonstrated that the number one obstacle to strategy execution was the “*inability to manage change effectively* or to overcome internal resistance to change.” The study’s findings showed change management (and this includes culture change) was the most important factor for successful strategy execution. This is certainly true for digital strategy.

The Change Wheel ©

The Change Wheel © is a whole approach to effectively managing change. It identifies and addresses the key elements that must be integrated to support a successful transformation. The hub of The Change Wheel © is the simple insight that organizations must think holistically about people, processes and technology. Organizations must realize that changing one thing will impact other things. They must also realize that not changing some things can result in other things not successfully changing. When facing a digital transformation, if people reject new ways of working, or if processes aren’t adapted to meet the new technology, the company won’t realize the intended return on investment.



The Change Wheel © Copyright 1990-2018
Gideon Malherbe, VCI

The Change Wheel © provides an elegant solution for organizations going through digital transformation. And it's has been successfully applied in a variety of industries. The elements or stages of The Change Wheel © are:

1. **Visioning** – Creating a clear picture of the ideal long-term future of the digital workplace. The vision must be shared throughout the organization as it then serves as a beacon to guide members of the organization when facing challenges and opportunities.
2. **Strategic Planning** – Align the vision with action plans. This includes specific activities and timelines as well as the matching of goals with resources.
3. **Team Change** – A series of workshops for members of the organization to give input and communicate the shared vision. Goals and benefits include greater communication and commitment to teamwork and agility as well as understanding the imperatives to change.
4. **Business Processes**– Improving the work processes throughout the organization. This involves identifying inputs, transformations, and outputs along with the value added. We eliminate overlaps and duplications. Identify ways to improve each process in terms of speed, quality, and cost reduction through digitization.
5. **Structure** – Refining the design of the organization in terms of operations and management such that production is optimized with the clustering of work processes and appropriate teams in a collaboration center.
6. **Systems** – This refers to the integration and optimization of all the digital practices and processes within the organization: financial, marketing, communications, etc. Systems can be formal and informal and can include enterprise and micro applications.
7. **People** – Putting the right people in the right positions at the right time. This includes the requisite training in specific technologies and professional development.
8. **Culture** – Developing and reinforcing winning ideologies, values, behaviors, and attitudes and eliminating negative political and power games. The culture of collaboration should become a force that supports the pursuit of the organization's digital strategy and transformation.

With effective change management, a successful digital transformation will not only integrate optimizing technologies, but also prepare the organization for successful and more agile changes in the future. A whole approach to change management addresses all of the elements in the organization that are required to change in ways to support a digital transformation.