



WHY
DIGITAL
TRANSFORMATIONS

FAIL




THE SURPRISING DISCIPLINES
OF HOW TO TAKE OFF AND STAY AHEAD



TONY SALDANHA

FOREWORD BY ROBERT A. McDONALD, retired Chairman, President, and CEO
of Procter & Gamble and Secretary of the Department of Veterans Affairs



Praise for *Why Digital Transformations Fail*

“If you’ve ever wondered why digital disruption continues largely unabated, despite efforts of the world’s top leaders, you’re not alone. If you want a practical and clear-eyed playbook to help you do something about it, this book is for you.”

—**Dr. Simone Ahuja, founder, Blood Orange, and author of *Disrupt-It-Yourself***

“This is the book I wish I had two decades ago. I would recommend Tony’s book for anyone interested in digital transformation.”

—**Josué Alencar, Springs Global, Brazil**

“A step-by-step guide for organizational leaders aiming to survive, thrive, and stay relevant in the age of digital disruption.”

—**Oğuzhan Aygören, Assistant Professor of Marketing, Entrepreneurship, and Innovation, Boğaziçi University, Turkey**

“Tony has a fantastic track record for executing digital transformations successfully. His road map for making digital transformations successful is brilliant. Read this book and transform your business successfully!”

—**Caroline Basyn, Chief Information Officer and GBS Officer, Mondelēz International**

“Many executives will read this book after their digital strategy flops. Just as many will read it before they craft a winning plan. I suggest the latter.”

—**Frank Casale, founder, Institute for Robotic Process Automation & Artificial Intelligence**

“This book should be read and reread by every leader in the private and public sectors. It’s a primer on how to survive and win in the current digital industrial revolution.”

—**Vivek Choudhury, Associate Dean for Strategic Initiatives and Professor of Information Systems and Technology Management, The George Washington University School of Business**

“Tony’s book is able to bridge decades of practical experience in complex business settings with systemic and analytical thinking. A very useful and thought-provoking read.”

—**Alfonso Fuggetta, CEO and Scientific Director, Cefriel, Politecnico di Milano, Italy**

“Very few leaders have a flawless track record of succeeding consistently with complex digital transformation journeys. Even fewer have articulated the recipe of their success effectively. With this book, Tony has accomplished this rare feat. His rich experience as a practitioner will help digital leaders achieve real results: 10x results, which he defines as one-tenth the cost or ten times the throughput or ten times better user experience. This book is a must-read for leaders navigating every stage of digital transformation.”

—**Sanjay Jalona, CEO and Managing Director, LTI**

“It’s too late to have a digital strategy; now you need a strategy that includes digital. This book is the most powerful preparation I’ve seen for leaders in the pervasively digital future.”

—**Bob Johansen, Distinguished Fellow, Institute for the Future, and author of *The New Leadership Literacies***

“A much-needed practitioner’s guide that provides invaluable insight and advice on how to tackle probably the most challenging of the ‘industrial’ revolutions that companies have ever faced.”

—**Marek Kapuscinski, former CEO, Procter & Gamble Central Europe, and current supervisory board member, Cyfrowy Polsat SA and Bank Handlowy SA (Citi Handlowy)**

“Tony has the rare ability to take on a complex issue like digital transformation and bring together real-life experience, best-in-class knowledge, and new insights to solve it.”

—**Sashi Narahari, cofounder and CEO, HighRadius**

“There are a lot of words and articles on digital transformation but few to show the whole process and blueprint. Tony has succeeded in clarifying where to go with his insights from his excellent career in business transformation. This book is a must-read for business innovators in this world.”

—**John Park, founder, Digital Marketing Korea & AI Seoul Summit, and author of *Data, Platform & Technology Changes the Map of Marketing***

“I have had the pleasure of working with Tony for over twenty years. He has an enviable record of transformations and strategy. I am delighted to see him bring these two together to create a critically important book for leaders.”

—**Filippo Passerini, operating executive and former Group President, Global Business Services, and Chief Information Officer, Procter & Gamble**

“The new digital era demands new ways to think about managing change. Tony Saldanha provides a powerful road map with his enviable experience and brilliant insights.”

—**Kumar V. Pratap, Joint Secretary (Infrastructure Policy and Finance), Ministry of Finance, Government of India**

“It’s one thing for a startup to be born digital. It’s another thing entirely for an existing organization to become digital. Tony speaks in plain language and from decades of experience about what a successful digital transformation takes, and, as this book brilliantly illustrates, technology is only part of the answer.”

—**Andrew Razeghi, founder, StrategyLab, Inc.; Lecturer, Kellogg School of Management, Northwestern University; author of *Bend the Curve*; and active angel investor**

“The Shared Services & Outsourcing Network has long regarded the transformative results from Tony’s work with deep respect. It’s great to see the formula finally documented in this excellent book.”

—**Naomi Secor, Global Managing Director, The Shared Services & Outsourcing Network**

“Tony’s book should be required reading for all leaders who are seeking to drive a digital revolution in their company. It provides practical guidance on the discipline needed to make the organization, process, and culture changes that fuel success.”

—**Andy Shih, Vice President and General Manager of Digital Commerce, Nike, Greater China**

“Fantastic! This book reveals the root cause of failed digital transformations. If you’re an innovative or a progressive leader, you will want to arm yourself with the insights and practical tips offered here.”

—**Ed Sim, founder and Managing Partner, Boldstart Ventures**

“As businesses that last for centuries have demonstrated, successful transformation takes vision and disciplined leadership. Tony applies the same principles to today’s challenges, showing that digital isn’t the problem, it is actually an enabler to help achieve your strategic vision.”

—**Mindy Simon, Chief Information Officer, Global Business & Information Services, Conagra**

“This is a must-read for seasoned leaders and novices alike. Tony Saldanha’s well-written, pragmatic approach to digital transformation provides a simple road map to succeeding in the digital era.”

—**Richard Smullen, founder and CEO, Pypestream**

“If you believe in the disruptive power of digital technology and want to do something about it, then this book is for you.”

—**Dr. Venkat Srinivasan, serial entrepreneur and author of *The Intelligent Enterprise in the Era of Big Data***

“Tony is an industry expert who has the credibility of having run large operations, led disruptive innovation, and transformed successful operations into disruptive new models. This book reveals many of his secrets.”

—**Sheree Stomberg, Global Head of Citi Shared Services**

“Failure is often more illuminating than deconstructing success because it takes a sharper and tougher prescription. It’s with this understanding that Tony casts a hard eye on digital transformation.”

—**Paco Underhill, CEO, Envirosell, and author of *Why We Buy***

“Tony Saldanha tells us in simple terms how to thrive in these digitally disruptive times. This is a book no leader can afford to miss.”

—**Robert Weltevreden, Head of Novartis Business Services**

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Why Digital Transformations Fail

The Surprising Disciplines of How
to Take Off and Stay Ahead

Tony Saldanha



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Why Digital Transformations Fail

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To @saldanhaclan—Ernest, Veronica, Julia, Lara, and Rene.
Family doesn't get any better than this.

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Diligence is the mother of good fortune.

—Miguel de Cervantes, *Don Quixote*

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Foreword

“Tony, how can Peter Arnett of CNN have a satellite dish in his briefcase to broadcast to the world about the invasion of Iraq and our warehouses can’t communicate with our distribution system in the Philippines?” I asked. I became the general manager of our Procter & Gamble operations in the Philippines in mid-1991 after the Gulf War had already begun. The Procter & Gamble Company entered the Philippines through acquisition in 1935. But when I became general manager, we were not delivering on our potential. We had warehouses scattered throughout the seven thousand-plus islands of the Philippines and were unable to ship all orders. Our warehouses couldn’t communicate with each other or our factories. In those days it took years to get the Philippine phone company to install a landline, and cell phones were not yet reliable. This is why I challenged our new information technology leader, the author, Tony Saldanha, to use technology to leapfrog the problem.

I have always believed in the competitive advantage benefits of digital technology. I wrote binary-coded decimal (BCD) programs for an IBM 360 computer in high school. At West Point I took every computer software and hardware course available and wrote portions of an assembly program for our Honeywell mainframe computer to translate Fortran IV into BCD. Later, as chief executive officer of the Procter & Gamble Company, I set a path for P&G, according to *Global Intelligence for the CIO* magazine (April–June 2012), to be the first Fortune 50 company to “digitize the company from end to end.” McKinsey & Company summed it up as “creating the world’s most technologically enabled company.” This meant that every individual in the company would have a customized dashboard on their computer that would allow them to view their metrics in real time and drill down as needed, by brand and by country, to understand what was happening and react to create competitive advantage. We called this initiative Project Symphony, and it was led by Tony Saldanha.

You see, the Procter & Gamble Company was rapidly globalizing in the 1980s and 1990s, and I was fortunate enough to be a part of

it. Assignments on our biggest brands like Tide; in multiple international locations like Canada, the Philippines, Japan, and Belgium; and across geographies-leading categories or operations all convinced me that technology could provide the competitive advantage to gleaning insights first and expanding them more broadly. Taking advantage of this potential means digitizing before your competition. Today, this seems rather anachronistic. The question is no longer “whether to transform” but more “how to transform.” This book by Tony, based on his years of experience and multiple attempts all over the world, provides an important step-by-step guide to improving transformation success rates.

When I became the eighth secretary of the Department of Veterans Affairs, the second largest department in the federal government after the Department of Defense, I faced the same challenge to transform the organization using digital technology. In fact, I became secretary when employees lied to my predecessor and “cooked the books,” causing veterans to not get timely health care in Phoenix. My first trip after Senate confirmation was to Phoenix, and I discovered the PC-based system we asked our schedulers to use dated to 1985 and was like operating green-screen MS-DOS. Beyond this, we were managing our more than \$185 billion budget using COBOL, a mainframe computer language I coded at West Point in 1972. I hired an individual who had been CIO at Johnson & Johnson and Dell to help me transform the VA via digitization. For example, using human-centered design principles, we created one website for veterans to replace over a thousand disparate sites, most of which required unique usernames and passwords.

Tony’s experience has made him an expert on digital transformation. In the Philippines and in Asia he created a new model for digitizing our distributors—dedicated companies that represented our sales and logistics capabilities in situations where the retailers were too small and disparate for P&G employees to serve them directly. As previously noted, he led Project Symphony across the global enterprise as we worked to turn our myriad of data into real-time decision making for time compression competitive advantage. In P&G’s Central and Eastern Europe, Middle East, and Africa Division, Tony further perfected the linkages between the corporation and its distributors with a real-time distributor connect initiative. It provided more real-time visibility to store sales and inventory in small stores, for example in

Nigeria, than at Walmart stores in the United States. As Tony moved up the ladder at P&G, he applied his considerable digital transformation skills more broadly across the company.

I wholeheartedly recommend this book to every reader. Tony's three decades worth of deep experience and the use of the airline industry–inspired checklist system is unique. It will prevent you from making the mistakes Tony and I already made, help you beat the odds of the 70 percent failure rate in digital transformations, and enable you to deliver competitive advantage to your enterprise.

Robert A. McDonald

*Retired Chairman, President, and Chief Executive Officer,
The Procter & Gamble Company;*

Eighth Secretary of the Department of Veterans Affairs

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Preface

In the spring of 2015, a Procter & Gamble colleague and close friend, Brent Duersch, and I were just wrapping up a conference call with a top-tier consultancy on how to go about disruptive transformation. As Brent reached across the table to end the call, he chuckled, “Either we’re missing something, or none of these guys has actually done true digital transformation.” This was our tenth call in three days with organizations that had either undergone a successful major transformation or supposedly had a proven framework on how to do it.

Brent and I were trying to piece together the “how to” methodology for a disruptive transformation of our Global Business Services organization that had to be successful, sustainable, and scalable. We were starting to realize that although there were some nuggets to be gained via these meetings, perhaps we weren’t going to find the answer we were looking for.

Four years later, I now realize that our situation then is fairly common in today’s world. Executives, business owners, public sector leaders, academics, and even new hires in organizations all fully realize the disruptive power of digital capabilities in today’s world. They know that it is the preeminent disruptive threat of our generation, as well as its biggest opportunity. They really want to transform their work and their lives, but the nagging question is, “How?”

Perhaps you’re a leader who has invested time, money, and personal credibility into digital transformation already. However, you have a niggling doubt that something is not right, because while you see anecdotal success, it doesn’t make much of a dent in your overall business model. Meanwhile, the clock keeps ticking as large-scale disruptions of businesses, industries, societies, and personal lives continue unabated. Iconic names like Sears, Macy’s, Neiman Marcus, Tiffany, and Harley-Davidson continue to struggle. It’s up to us as leaders to determine whether our organizations succumb or prevail in the opportunity of a lifetime.

I strongly believe that every change is an opportunity, and by that yardstick this is an opportunity of historic proportions. My P&G career

of twenty-seven years provided me with vast experiences ranging from digitally transforming sales in parts of Africa to using AI to automate portions of supply chain operations worldwide. It allowed me to be on the leading edge of industry-shaping multibillion-dollar outsourcing deals and on hard-core organizational change programs such as the integration of the \$10 billion Gillette company systems into P&G when I was Gillette's chief information officer. These experiences provided a unique foundation for me to tackle how organizations can face up to the biggest change management issue of their lives: transforming the core of their operations into a fully digital backbone.

So, rather than get discouraged by the lack of good insights from our meetings, Brent and I would double down on them. We would meet more than one hundred entities over the next couple of months, including industry analysts, strategic partners, research institutions, universities, peer companies, VCs, accelerators, and more. Mixing the nuggets from these with our firsthand P&G experience gained over time, some clear insights would emerge. First, there are different shades of transformations possible, and you need to be diligent in targeting a complete and sustainable transformation during these disruptive times. Second, the surprising reason why as many as 70 percent of all digital transformations fail is a lack of discipline. And third, it is possible to apply proven failure-reduction approaches, like the disciplined checklist model from the aviation industry, to significantly improve the odds of success in digital transformation.

If you're a business leader, a business owner, an executive, or a manager of people; if you work in corporate settings, in government, in academia, or in the nonprofit sector; if you believe that digital transformation is the ultimate challenge of our generation and that the issue is not "whether" but "how"; if you're interested in hearing about how other organizations and people across generations tackled this issue, then this book will interest you.

As my journey through P&G's digital transformation of its shared services unfurled after 2015, Brent kept joking that I should perhaps document our approach. "Write a book!" he said. I found that amusing. "Me?" I said. "I'm never going to write a book."

I may have been premature about that.

How to Read This Book

This book is meant for anyone who fully appreciates the urgency of digital transformation and is interested in beating the dismal odds of success on this topic. It will help you set the correct end goal for digital transformation, where digital becomes the “living DNA” of your enterprise. Additionally, it will provide you a disciplined checklist approach on exactly how to get there.

The structure of the book mimics the five-stage model of maturity for digital transformation. Part I sets the stage, first by describing the dilemma faced by P&G’s Global Business Services to drive perpetual digital transformation, then by introducing the five-stage digital transformation model and the specific checklist steps that can be used to deliver success. Following this, part II explores the five stages of digital transformation in detail. For each stage, two chapters describe the two most important disciplines necessary for success. Finally, part III demonstrates how all these disciplines can be assembled together to address the threat of the Fourth Industrial Revolution systemically.

My ultimate goal is to provide practical, tested, and reliable tools and ideas on how to thrive on digital transformation. There are a couple of resources available at the end of the book, “Checklist of the Surprising Disciplines” and “How to Use the Five Most Exponential Technologies,” that I think you’ll find helpful. However, the form and size of the book itself is a limitation. I invite you to visit my website www.tonysaldanha.com, where further examples, tools, and materials are available, in addition to information on how to contact me for follow-up.