

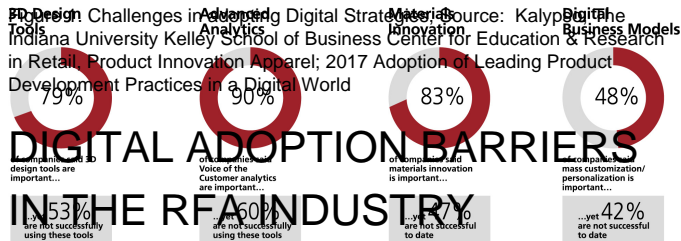
Retail Digital Innovation: 5 Stages of Adoption

A methodology for achieving value and adoption from disruption

by Sarah Pierson, Karime Nasser, Greg Adkins and Sergio Martinez

Digital technologies have the retail, footwear, and apparel (RFA) industry's attention, and expectations to improve capabilities along the product development lifecycle are high. While critical importance is placed on incorporating digital initiatives into the business, the low success rates revealed by [Kalypso's Annual Retail Digital Innovation Survey](#) confirm that there is a significant adoption gap.

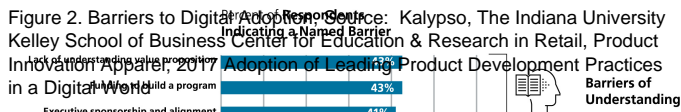
Many RFA companies struggle with how to start, what tools to leverage, and how to successfully drive a digital initiative.



Do you have a digital vision but struggle to gain executive support?

Have you mastered a 3D product development tool but face push-back from the business when trying to operationalize it?

Many companies face similar challenges. The two main gaps in successfully launching a digital operation within the RFA industry stem from barriers in understanding and execution.



Without a clearly documented value proposition, persuading executives to sponsor and fund a digital program is challenging. Even with executive support, the relative ease of buying a license of a digital technology and mastering the tools is in direct contrast to the effort needed to operationalize the technology.

Fostering understanding of a digital initiative requires not only an informed and clear vision, but also the ability of executives to communicate the vision and the business case across stakeholders so all groups understand the value. The best way to align groups and drive adoption starts with education to build a common understanding of the vision and the initiative's value proposition.

Executing a digital initiative requires the right people, process, and technology. At the top, companies need an executive sponsor who can form a steering committee to guide the program, prioritize options, make critical decisions and monitor progress. They also need a program leader with digital savvy to drive the initiative while maintaining alignment to the strategic vision. This role will be responsible for translating the conceptual vision into practical use cases with actionable, sequential steps and tasks with associated timelines and costs.

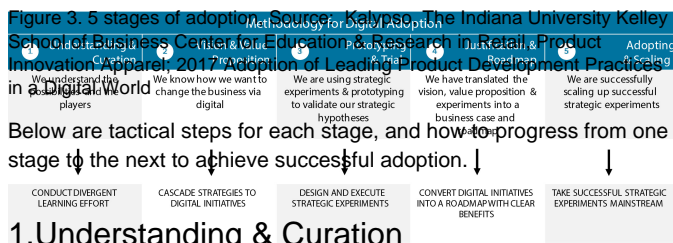
Due to the relative newness of the technologies in RFA, digital talent may be challenging to find. Fortunately, barriers to trial and entry of digital technologies are considerably low, allowing for agile proofs of concept without significant investment in time or resources. Experimentation allows teams to learn, develop digital expertise, and focus on confirmation of use cases and expected business outcomes.

However, beware of initiating digital trials in the absence of a greater strategic vision. While technical proficiency and benefits may be realized, they will be difficult to operationalize due to lack of a strategic direction.

Finally, the right technology is needed to support the initiative, from both hardware and software perspectives. Many technology options are available; research and proofs of concept will help companies assess and select the best solution for their business.

THE FIVE STAGES OF DIGITAL ADOPTION

Our recommended methodology for the successful adoption of a digital initiative has five stages.



Education is needed to fully understand the digital space. Companies must grasp the possibilities and players by conducting a divergent learning effort. Some activities to perform at this stage are:

- Scour YouTube, Google, newsletters, etc. to understand current trends
- Attend conferences to discern available options in the industry
- Meet with vendors and get familiar with their offerings
- Catalog key players/providers and understand their competencies and successes

2. Vision & Value Proposition

A digital strategy should not be regarded as another ad-hoc project. Companies need a clear point of view to disrupt their business strategies via digital, and leadership involvement helps ensure success. In creating a vision and value proposition, the following steps must occur:

- Examine the implications of not going through with the change
- Develop hypotheses for leveraging digital to achieve objectives (note these will often bundle multiple technologies)
- Validate implications of corporate strategy on product/brand strategies
- Vet and translate hypotheses into prioritized potential initiatives that support the new vision
- Identify and enroll executive sponsors and form a powerful internal guiding coalition
- Establish a sense of urgency and need for change

3. Prototyping & Trial

Once the strategic hypothesis is defined, take advantage of low barriers for trial to conduct strategic experiments to validate it.

- Design strategic experiments, each with expected outcomes and desired results
- Identify and select ecosystem partners, such as solution providers, academia, service providers, consortiums, etc.
- Conduct strategic experiments via workshops and leverage prototypes
- Convert successful experiments into initiatives to scale
- Determine detailed implications to organization design elements such as structure/roles, processes, services, and adjacent technologies

4. Justification & Roadmap

After a successful proof of concept, translate the vision, value proposition and experiments into a business case and roadmap with clear benefits.

- Develop a widely embraced business case
- Formally establish a governance model, e.g. steering committee
- Secure funding via established budgeting processes, or for more time-sensitive initiatives, secure funding from special innovation budgets that bypass a lengthy approval process
- Plan for and develop a 2-3 year roadmap with bias toward action and results
- Continue challenging and changing systems, structures, and processes that do not support the vision
- Help the organization understand the benefits and how to participate in the change
- Incorporate learnings into the next iteration

5. Adopting & Scaling

A strong justification with incorporated learnings will allow organizations to successfully scale up fruitful strategic experiments.

- Develop an active, visible, creative communications program to gain alignment and build excitement behind the execution
- Develop implementation plans for broader initiatives
- Build and/or hire digital capabilities to support escalation

- Assign resources to lead initiatives
- Develop a stakeholder adoption approach to help them understand their new roles
- Celebrate short-term wins to reinforce and keep the organization on track
- Leverage ecosystem partners to gain scale and speed results
- Create formal systems to reward new and desired behaviors
- For organizations operating in a more matrixed environment, communication is key – share initiative goals and progress highlights with Corporate and with other coalitions and brands to optimize vision, resources, budgets, and timelines. Pilot with one brand and then assess rollout opportunities

An organization can find itself at any of these stages depending on several factors, including which team originated the change, the maturity of the program, and the leadership involved.

CONCLUSION

Organizations can successfully embrace digital promise and develop the right structure to achieve value from disruptive change. If your business goals include digital initiatives, first begin by identifying the change leadership team that understands and will commit to the change and use a small team to test tangible concepts that will provide value to your organization. There may be a myriad of challenges, but with change leadership and executive commitment those challenges can be successfully addressed.

Accelerate innovation results in a digital world. Think forward. Act now.

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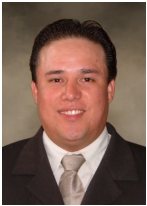
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Sergio has dedicated his consulting career helping clients to redesign their product development and sourcing processes. He has lived and worked in 12 countries managing high-performing, multi-cultural teams.