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How to Measure Your Firm's Digital Maturity

by Waqqas Mahmood

Measuring your firm's digital maturity goes beyond technology and requires making digital capabilities a priority rather than an afterthought. In this article, Waqqas Mahmood of Marcum Technology offers advice to business leaders who are eager to build a digital transformation roadmap on the work culture, organizational support, performance metrics and emerging technology that are crucial to success.

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As digital advisors, we get frequent questions from business leaders about how they can measure their organizations' digital maturity. The answer is multifaceted and goes beyond technology. Digital disruption is a clear and present threat to firms that won't change. Leaders must embed digital capabilities into the heart of their businesses and make digital a core competency, not a bolt-on.

But as your firm matures, where do you focus your efforts, and how do you know you're on the right track? Marcum Technology advises clients to look at four key areas: culture, organization, insights and technology.

Culture

It's important to create a culture that embraces failure and encourages employees to test new solutions rather than reprimanding people for trying something different. Marcum asks clients to consider how dependent they are on digital capabilities to stay competitive. Depending significantly on technology typically means digital capabilities are a key component of the company's overall strategy and warrant attention from the CEO and the board of directors.

In order to establish the right culture and create a forward-thinking organization, clients should have the appropriate leadership in place. Digital natives and leaders who are innovative and successful with battle cards can make a positive impact on an organization. The other component of a strong culture is communication. How well an organization communicates its digital vision as an integrated part of its overall strategy is indicative of the digital enablement's success.

Organization

When offering advice, we look at an organization's structure and whether customer journeys are prioritized over functional silos. Deploying appropriate resources in the areas of digital strategy, governance and execution shows that digital enablement is baked into the organization. Recently, we worked with a client to implement a "digital center of excellence" approach to digital transformation, which involves creating an operating model that is federated at scale for organizational support and growth for digital capabilities. This gave the client in-house digital capabilities and a team of digital experts who will continue to build repeatable best practices for managing digital competencies.

Insights

If you're not capturing metrics around your digital capability and performance, determining the value of digital transformation can be tough. We advise clients to establish well-defined key performance indicators (KPIs) that clearly communicate the quantifiable business value that digital capabilities provide. Using customer-centric metrics like net promoter score (NPS) or lifetime value measurement to capture performance are great examples of such KPIs. Once those are in place, set up a strong feedback loop from the KPIs back into the corporate strategy. Organizations that capture, communicate and leverage such insights are on the path to digital success.

Technology

A company's use and adoption of emerging technology is about more than adding shiny new tools to its ecosystem. It's about how flexible, iterative and collaborative the company is in its approach to technology development. We advise clients to look at how their marketing and technology resources work together to co-create a digital technology roadmap. Leveraging modern architecture (APIs, the cloud, etc.) to promote speed and flexibility can provide a significant competitive advantage. Using customer experience assets like personas and journey maps to steer technology design is a proven strategy with measurable outcomes.

We built this digital maturity approach to help companies assess overall digital readiness. But we know that some organizations might want to also gauge the strength of their specific digital marketing or e-commerce functions. We advise these clients to build their digital transformation roadmap in three phases: crawl, walk and run. Start by analyzing your company's current digital maturity. Identifying strengths and weaknesses can help create the foundation for your digital roadmap while also providing a comparative benchmark.

Then, assign accountability for critical developments. Many businesses struggle to take action even after identifying areas for improvement because they don't have clear stakeholders. Avoid this by distributing key challenges among relevant team members based on how disruptive the digital effort is to them. Use the value of digital advances to justify continued effort. Digital maturity should be an ongoing project rather than a fixed state because the pace of market change requires constant evolution and gradual improvements.

No matter where and how you start measuring your organization's digital maturity, maintaining a customer-centric vision and strategy will provide a strong foundation for both digital scale and growth. Measuring the right set of KPIs and appropriately communicating them to the entire organization will ensure that everyone sees the value in digital efforts and how they improve the lives of customers and employees alike.

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