



**Thinking  
transformative,  
and embracing  
digital.**

# Executive summary

Successful organisations today are agile and able to adapt rapidly to meet new customer demands and expectations. As businesses, we need to shape our products and services to anticipate and satisfy the future needs of our customers. Over the past decade, we have seen huge changes across markets, driven not only by customer demand but mostly because of key game changers in industries. Whether we realise it or not, we are all aware of the disruptors that have shaped the future of their industries, including:



The world's largest hotel chain which does not own any property



A taxi service that does not own any taxis, but provides a seamless customer experience all through mobile technology.

The differentiator is their vision and investment in a new future. They have collectively changed customers' perceptions of 'what good looks like', set new expectations in quality, service and value, and disrupted traditional business models. The challenge for businesses today is to ensure they are future ready and to become innovators, and even game changers, in what they do.

Leaders in future driven organisations must focus on the following:

1. **Lead for the future:** transpose ideas into future roadmaps and allow your employees to drive the path to success without limitations. Build alignment of strategy and ensure execution to maintain momentum.
2. **Onboard a transformation team:** appoint a transformation team early on to shape the future direction of your agenda. Remember that technology should enable, not drive your strategy.
3. **Make sure your business is ready:** make sure your business understands the change path and is prepared for changes.
4. **Design for user experience:** understand your customers and design for their needs. Apply design-led thinking to everything you do.
5. **Leverage data:** every data set must be used to create value within your organisation. Allow employees and customers to have the data they need to make decisions.
6. **Adjust the shape of your organisation:** build an organisational model that allows your people to create new products, services and allows cross functional collaboration.

# Introduction

Digital technology is already transforming every aspect of our lives. Everything that is physical is in the process of being transformed digitally. We are all by now familiar with the need to ‘find your place or be displaced’.

As consumers, we have witnessed how the digital reinvention of the retail industry is leading to the demise of the traditional high street. For every cautionary tale however, this industry has just as many examples of inspiration and innovation - take wearable tech; think 3D printed consumables. In this era of digital the pace of change is fast, and the stakes are high. By now, all industries have been affected and have digital stories.

Could the banking industry, as little as a year ago, have foreseen that London start-up Revolut could be worth US\$13 billion, a mere 33 months after launching? CEO and founder of Revolut, Nikolay Storonsky, provides insight into this success, in this historically change-averse industry: “*We build world-class tech that puts people back in control of their finances, we speak to our customers like humans and we’re never afraid to challenge old thinking in order to innovate*<sup>1</sup>.”

In the context of an organisation, digital transformation means using technology to help shape a specific culture. People must be prepared for, and open to, the changes needed to remain relevant in a business environment which is shifting and moving rapidly. Digital transformation can be enacted as a series of small scale, incremental changes, by aligning people, process, technology and strategy.

The authors of ‘Achieving Digital Maturity,’ published in MIT Sloan Management neatly tie key themes in digital transformation together.

*[Digital Transformation is ...] Implementing systemic changes in how they organize and develop workforces, spur workplace innovation, and cultivate digitally minded cultures and experiences<sup>2</sup>.*

## About the research

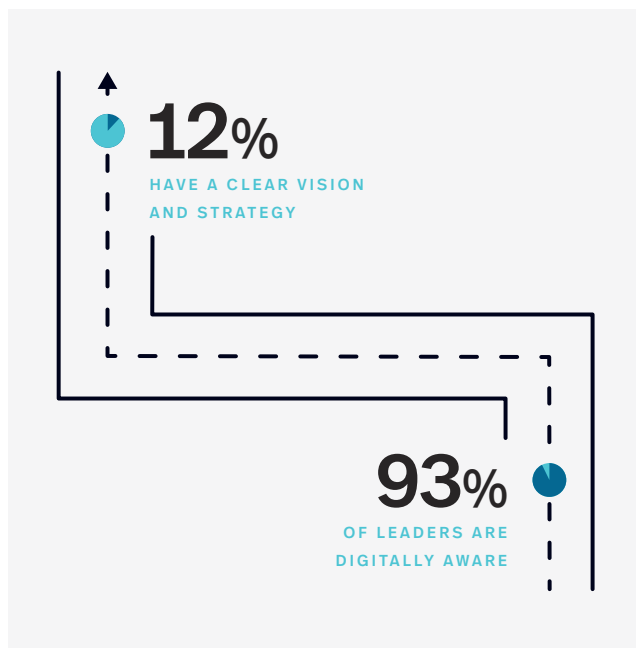
To obtain insights into the progression of their digital maturity, we conducted a Pulse survey. We polled 55 senior leaders across from the Public, Manufacturing and Defence sectors. They were asked to rate their organisations positioning on the following four fronts:

1. Leadership in a Digital Organisation
2. Employee Enablement
3. Reimagining Process Design
4. Establishing a Culture of Learning

The survey opened by questioning participants on what digital means to them. An encouraging 63% reported that they considered it to be an integral part of their future direction. 33% recognised the value. 4% saw it as a purely technological change. This suggests that despite giving it some consideration, over one third of organisations have not yet decided upon a deliberate or decisive strategy.

# Leadership in a digital organisation

In our survey, we asked individuals how well-developed they perceived their organisation's strategy to be and the extent to which their leaders were digitally aware. Only 12% indicated that their organisation had a clear vision and strategy which was widely understood across the organisation. Interestingly, whilst 93% felt that their leaders were digitally aware, just under half (47%) felt that the views of their leaders were widely shared.



From the point an approach is determined, strong leaders will communicate and ensure that everyone in an organisation understands their transformational strategy (the what, the why and the how). Employee engagement is an important process and the messaging must be transparent. Whilst digital technologies will support the realisation of an organisation's vision, they are not the only objective.

Leaders should champion the values of self-disruption, continuous learning, innovation and experimentation. Initially this should be done at the highest levels of management, to then be cascaded down and embedded in the culture of the organisation.

Leadership that encourages and supports change, innovation and digital progression is more likely to mobilise and motivate employees. Management guru, Tom Peters, once said that 'Management is about arranging and telling. Leadership is about nurturing and enhancing'<sup>3</sup>. At Sysdoc, we believe that leaders of the future will need to spend more time creating alignment across sectors and functions. Leadership needs to drive the organisation's ability to progress beyond the now and to navigate the future.

The traditional command-control model of Leadership is increasingly less effective in navigating the disruption brought about by digital. Research conducted by the Global Centre for Digital Business Transformation<sup>4</sup> supports this opinion.

"Management is about arranging and telling. Leadership is about nurturing and enhancing".

They found that agility in leadership was more effective, with the following traits being listed as characteristics of the Agile Leader: Humility; Adaptability; Visionary and Engaged.



To be successful, leaders in the digital era will need to make sure they do the following:

- + Design a compelling vision for the future and draw out the benefits for all
- + Leverage technology to utilise skills and expertise across geographies and sectors
- + Think holistically and make decisions that are backed by data or experience
- + Master ambiguity and preserve through all aspects of your journey
- + Lead with empathy and stay tuned to cultural differences.



# Employee enablement

*For all the talk of robotics, AI, and other advanced technologies, organisations depend on people to run smoothly<sup>5</sup>.*

When surveyed about the extent to which a digital culture was actively encouraged within the organisation, 19% of respondents felt there was a shared excitement for the future impacts of digital. An encouraging 60% thought their organisation was open to new ways of working and change was empowered. 21% responded that change was not fully embraced and that their organisations were more interested in tactical than transformative initiatives.



Here we move the discussion from engagement to *enablement*. That is, providing employees with the right roles, skills, environment, resources and autonomy to enable them to be productive, effective and supported. How do you shape a workplace that feels enabled? Looking ‘outside-in’ can be a source for ideas.

Independent gig-economy workers make the physical and virtual environments work for them. They work on the go and set their own hours. They transact and collaborate online and make deliberate use of physical spaces for networking, only paying for what they make use of. What might we learn from this type of worker?

Firstly, we can take note of why someone would want to adopt a seemingly transient work-life. It is generally accepted that it allows for flexibility, autonomy, respect, regular feedback and opportunities to be creative.

Within an organisational context this might be described as ‘internal mobility.’ This is a term typically applied in the context of retention and advancement.

Creativity is sparked by the shape of an organisation. A digital future requires organisations to think about how they set up teams and functions to be more creative and manage the evolution of ideas and new product development.

Models should be forged that allow teams to:

1. Self develop around an idea

2. Maintain a level of bureaucracy

3. Form across multiple layers of the organisation

4. Embed a culture of coaching and learning through various interactions

A model where culture supports execution within the organisation can become powerful when it's intentionally created through processes and design. Once the values to be cultivated are understood, we can then look to technology to support. Previously, organisations concerned about non-productive time may have actively banned the use of social media tools. Now, we need to reconsider those policies and re-imagine the use of 'social mobile tech' in the workplace.

People are more likely now to be working in virtual teams – and not just as part of one team. When separated by geography and time, employees don't feel the same sense of connection. Research from McKinsey suggests that social-mobile technology can be used effectively to create online platforms for collaboration and innovation. Not only does their use facilitate stronger cross-functional communication, they can also help teams to self-organise. After all, 83% of workers believe they don't need an office to be productive<sup>6</sup>.



As suggested above, social - mobile technology facilitates teams to work cross-functionally. Organisations need to consider building agility and innovation as part of their DNA. Start by asking employees what they would like to see and align the outcomes with the organisation's strategy. Teams need the ability to fail in a safe environment. Allow teams to develop prototypes and get them tested internally.

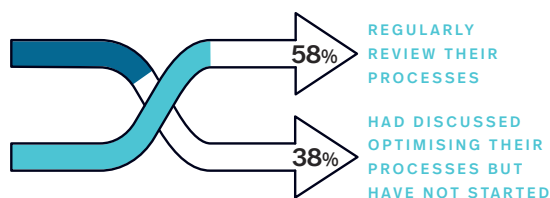
Organisations need to build on agility in the workplace. Use an approach where employees are allowed to test the minimum viable services or products. This increases employee interaction and collaboration across the organisation. We have seen the benefits of organisations who have employees participate in the design and development of the future. Leaders need to embed a business as usual model that displays a adaptability, flexibility and collaboration. In summary, to enable a true digital culture organisations should consider the following:

- + Make use of social - mobile platforms to strengthen employees' ability to interact and work in a collaborative manner
- + Use data and analytics to create programmes that will increase your organisation's culture to be innovative
- + Negotiate a work and social contract with employees for virtual working - impart trust by allowing employees 'to get on with it'
- + Create spaces where people can share and collaborate on ideas and new products
- + Re-think the shape of your organisational structure and how teams form
- + Use innovation labs to create safe places for employees to try, test, fail and learn.

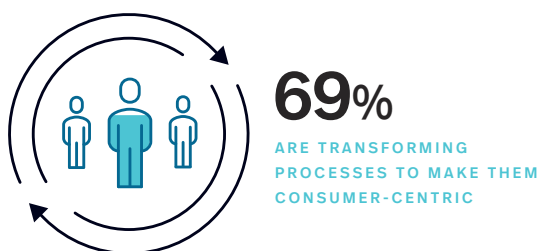


# Re-imagining process design

Our survey results indicated that 58% of individuals worked within organisations that regularly review their processes. However, 38% reported that they had discussed but had not started to digitally optimise their processes. This was concerning as it suggests that these organisations view processes as documents to visit or update when required by a specific initiative only.



Encouragingly, 69% of respondents reported that their organisation is transforming processes to make them more customer – centric. Too often, we see organisations develop processes in line with the technology requirements and not in line with the organisation's operating model. Organisations that adopt this approach may struggle to leverage the new tools and deliver value to their customers. We find most value when a process transformation approach is designed around the customer needs.



Automation, customer journey mapping and design-led thinking are all critical to our approach and what we deliver to our customers. Making process design user-centric works well when organisations are looking at digital strategies and competing against future minded organisations. Design-led thinking is a human-centred approach to innovation that integrates customer emotion and empathy, the possibilities of digital tech and analytics, and the requirements for business success<sup>7</sup>.

Digital Thinking turns IT-led process design on its head. Designing processes around what is already possible acts as a constraint to what is theoretically possible, and therefore is a blocker to innovation. Technology to support the design may not yet be available or sufficiently advanced, however an aspirational view provides a model against which to define the requirements of a process in readiness for evaluating digital technologies.





Leading market players such as Siemens, have automated about 75% of processes and this has resulted in the reduction of defect rates to below 12 per 1 million. In addition, efficiency has increased 8.5 times despite very little change to the number of employees. The true value of automating processes is the increase in value your employees will deliver to your business. Maturing organisations will focus on building a positive experience for the employees as well as their customers. Where the focus is on automation, we advise clients to look beyond automation and target how the employees can shift their time to drive a positive customer experience. 52% of our respondents state that they have been discussing the need for process automation in their organisation, but it has not yet been implemented. 19% of those respondents reported that the reason is due the lack of understanding on the benefits of automation.



At Sysdoc, we've taken process improvement to the next level by using design-led thinking and ideation to improve processes for our customers. We create a visual roadmap for our clients and assist them to turn process into a tool that can get people engaged and focused on value, rather than just a sequence of steps. Where the focus is on automation, we look beyond automation and target how the employees can shift their time to drive a positive customer experience.

Using this approach, we can do the following:

- + Visualise the customer experience
- + Identify issues or improvement opportunities relating to the customer experience
- + Enable different departments to work together to create a consistent experience across the overall end-to-end process
- + Uncover additional opportunities to engage customers.

All that said, we are not abandoning our traditional roots as process improvement specialists. Instead we are advocating design-led thinking as a partner to more traditional process improvement methodologies. Executing and scaling process while retaining quality and consistency requires monitoring, measuring and taking action to reduce waste and increase efficiency which are all precepts of, for example, Six Sigma.

We believe effectiveness is maximised by placing emphasis on the following:

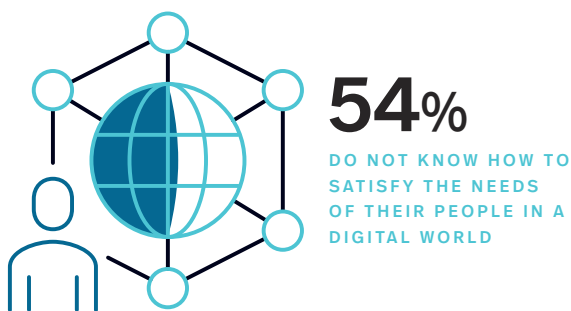
1. Leveraging data analytics to reiterate the process with new insight (Test to Learn)
2. Placing the voice of the customer at the heart (Gather Inspiration).

From our experience, the power of data during the design process is essential in unpacking the truth behind how the organisation executes value to its customers. During the automation of processes, the use of data becomes essential to improving the way machines and humans operate.

# Establishing a culture of learning

Digital technologies can be used to enhance learning by supporting the creation of personalised learning journeys based on individual needs. Using technology, we can capture each learning experience: attending a conference; completing a course; watching a TED talk; reading the news. By monitoring what people have learned and applied, recommendations can be made for further learning in modes and formats that interest them.

In our survey we asked our participants if they knew what the skills gaps were to adapt to a digital world and if they had the platforms and means to upskill their people. 54% of respondents reported that they had a clear understanding of the new skills their people need but are unsure of the methods they will use to support this. To succeed in a modern world, people need to learn and consume information through a multitude of media, tools and experiences, which go way beyond traditional training courses.



Game-based learning is increasingly used to supplement the learning received in a physical setting and via eLearning modules. Through game-based learning, employees can easily see their progression by unlocking levels; they are able to create personas and compete against each other as individuals or in teams. Using realistic work-life scenarios in the design of the simulations, individuals get immediate feedback on the consequences of their decisions play-out in a virtual 'safe space'.

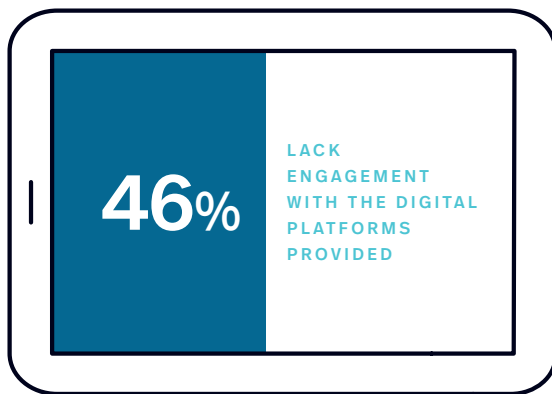
The game format engages learners at strategic points and challenges and rewards knowledge and decision making, offering a rich learner experience. By ensuring games are enabled on mobile, we have seen an increase in employees 'playing on the go', frequently in time that might be considered their own. We also suggest that organisations use the competitive spirit of employees to display leaderboards across teams and capability areas to drive engagement and encourage employees to learn.

Partnering with experts in Virtual Reality (VR) and using our user experience knowledge to build an ecosystem of digital platforms. We have built scenario based games that build positive behaviours and the relevant competencies.



But what next for learning once the formal phase ends?

We see collaboration rooms as being key to enabling learning to evolve and continue beyond the training curriculum. Such spaces enable a community of learners and experts to ask questions, discuss content and share experiences. 46% of our respondents reported they provide multiple digital platforms but most of the employees lack the engagement toward these tools.



We understand this to come from a lack of customisation for the employee. Digital provides the ability to shape content for an individual. A data-driven approach helps organisations build individualised learning paths for employees.



What to consider when thinking about embedding a culture of learning:

- + Provide employees with various means to engage with training content
- + Use data to develop employee-specific learning paths
- + Integrate your learning management system (LMS) with your organisation's operating systems
- + Define measurable outcomes, establish performance metrics and use data analytics to provide a continual cycle of feedback to help you adapt and evolve the learning ecosystem of your organisation for the individual employee

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