

DS 780

# Data Science and Strategic Decision-Making

Lesson 12 Introduction  
Digital Alignment

## A Tale of Digital Integration

The text uses the fictional case of Broad Learning Solutions (BLS) to illustrate digital integration. Or we can call Ch. 11 story time...

- Rosa, our newly installed Director of Digital Marketing is our digital integrator and protagonist in the story.
- She moves BLS toward digital integration in Q and A format.
- Rosa fights for truth, justice, and digital integration.
- BLS lives happily ever after.

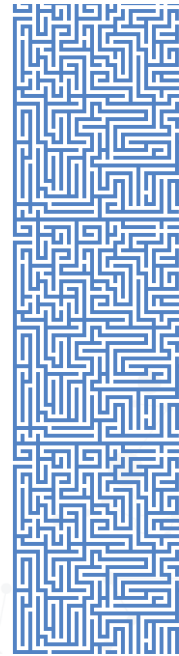


Well, welcome to a tale of digital integration. The text uses a fictional case of Broad Learning Solutions or BLS, to illustrate digital integration. And we've learned a little bit about BLS in earlier chapters. Chapter 11 though, really becomes kind of story time. And it starts with Rosa, a newly hired director of digital marketing. And she is was hired, really, to be the digital integrator at the company, and certainly it's a role that appears to be needed. And she'll also serve as the protagonist in this story.

Now she moves BLS towards digital integration. And we learn about it through a Q&A format that the text provides for us. So Rosa, as she answers the questions that are posed by the authors, she's fighting for truth, justice, I suppose I could add the American way, as well as digital integration, and of course, it appears anyway, that BLS lives happily ever after.

## Path to Digital Integration

- Audit digital literacy of staff
- Understand existing culture
- Work with management on
  - IDM strategy
  - Developing leadership competencies for digital
- Bring junior staff (and digital native hires) up to speed on
  - Strategic priorities
  - Implementation of digital tactics and tools
  - Marketing strategy
  - Internal cross cultural communications
- Choose Marketing Automation Software



The path to digital integration can be a complex one. And it's certainly not a straight line. There's lots of choices to be made and blind alleys to go up and all those sorts of things. But the first step is really an audit of the digital literacy of the staff. So you've got people on board already. They're doing tasks, and presumably they're doing a good job or they wouldn't still be there.

But what you need to know is how much do they know, and how good are they at a lot of these digital skills. And that's what the audit is really all about. Because later on, you're going to need to be matching people up with digital tasks as the integration takes place. And you're going to want to know who's on board that can fit into those tasks. And also, you need to know which tasks, which talents simply are not represented by the current employees. And those are going to have to be outside hires.

The second thing a digital integrator would need to understand is the culture, the existing culture of the company. If you try and prod a company whose culture is diametrically opposed to the direction you're pushing, you'd better know that that's the story, that that's what's going on. Because you're going to have to play the game a little differently than if the company was one where they were open to new things and welcoming to new ideas.

Now you're also going to have to work with top management on the integrated digital marketing strategy. Exactly what is it, or what's their vision of it, if they are already thinking about it? Or if they haven't really thought about it, you have to kind of introduce the idea to them and start selling it and bringing it along and getting them on board with it. Now you're also going to, at the

same time, be developing leadership competencies for digital among management.

So you want the top managers, the middle managers, in particular, to be able to develop new talents that will help them understand and work with digital and be able to interact with a lot of the staff who, maybe, already are there and new people coming on board who may be, if you've done the right kind of hires, might be fairly far along the path. Also, you'll need to be bringing junior staff and any digital native hires, at least, digital native hires at the lower levels up to speed with a lot of things about the company.

Because what you don't want to do is have the junior staff or new hires, put them in a cubicle, and occasionally throw some raw meat in there, and throw an attaboy at them once a month, and not let them know what's going on in the entire company. That's really, really important. So these folks are going to have to be brought up to speed on strategic priorities.

Where is the company trying to go? How are they getting there, so that it makes sense with what they're doing. So if they understand that part, most people would then make connection with whatever their work is and maybe push that work more in the direction of those strategic priorities.

Also need to talk to them about the implementation of digital tactics and tools. So this is something that a lot of this so-called junior staff might be expected to do. And you would want them to do it. But you want them to do that in the context of the strategic priorities and where the company is going and all that.

Also the marketing strategy as opposed to the overall strategies of the company, that's a fairly important piece. And of course, it's emphasized to a great degree in this text. But actually out in the trenches, it's just as important. They have to understand the marketing strategy because the marketing strategy really does encapsulate a lot of the company. Remember the four P's, Product, Price, Promotion, Place. It cuts across a lot of what goes on inside any company.

And then lastly, the internal cross-cultural communications. So that's kind of a mouthful. But what needs to happen is to make sure these folks don't get stuck into silos. Just like we don't want to put them in those cubicles and throw the raw meat at them and give them the attaboy once a week, we also don't want them stuck in silos. So if they're in research, they can't talk to the people in manufacturing or whatever the silos are at that particular company.

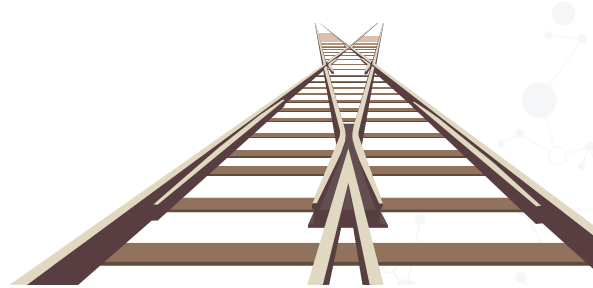
Another thing that you would be doing now, going back to your task as as a digital integrator, is at some point-- as the marketing side of things digital sort of takes over or you're making it more digital-centric-- is you're going to, at some point, need to choose marketing automation software, the software the kind of glues it all together, holds it all together. So that's another important step along this path to digital integration.

## The CEO Q and A Session Begins

### What is Digital Alignment?

Harmonizing firm's core values and business goals with its digital marketing strategies and tactics, infrastructure and information systems. Results in:

- New ways of doing business
- Seamless integration of technology, people and processes
- Enhanced performance, ROI and sustainable growth



All right. Well, why don't we get started with the story, the question and answers that form this story. Now the CEO starts by asking Rosa the question, what is digital alignment? And she comes back and talks about it being harmonizing of the firm's core values and the business goals with its digital marketing strategies and tactics, along with infrastructure and information systems. So all of these pieces need to fit together and to be made or customized in some way to work together as one large sort of machine, if you will.

So the result of that is that the company, as it transitions, is probably going to find new ways of doing business. And I'm not saying new product lines or anything like that. I'm saying new ways of doing business. So the procedures and how they go about certain things, how they actually conduct their business is very, very likely to change as a part of this process. And certainly, we'd see this seamless integration where we're taking the technology along with the people and the processes and taking really the separations out, the edges off so that they all fit together and work together.

And hence, every time you do that, you end up with a new way of doing a piece of your business, basically. And then also, we would expect this to result in enhanced performance for the organization and for it to show up and return on investment and also the ability to grow in a sustainable manner.

## Aligning Company Goals with Changing Strategies and Technologies



As the story continues, Rosa talks about aligning the company's goals with the strategies and the changes in strategies and technologies that are going to be involved in this whole process of going digital. And there's a diagram in the text that kind of illustrates this, where you've got goals and that's driving the integrated digital marketing strategy toward outcomes that you're going for, your expected outcomes.

But there's forces that could pull you off course or push you off course, as the case may be. And specifically, they're focused on digital technologies and core values of the company. So yes, you've got a goal, and you've figured out a strategy, and you see what the outcome is and where you want to be, but in the course of that journey, your core values could pull you off of that course, if you haven't taken them into consideration and figure out a way to make them work with your goals and your strategy.

And the same thing with digital technologies. If you don't take into account the kind of technologies that are available and the ones you're going to be using, again, that can push or pull you off course. So you have to kind of-- as the diagram shows you, and the diagram could look like a lot of things, maybe those are mouse ears. I'm not really sure.

But if you take away the inkblot test and take a look at what it's trying to say, literally, in the words there, you've got to make sure that you can navigate this little path between core values and digital technologies. Because frankly, sometimes the core values and new technology may clash a little bit. So you've got to be aware of that and be able to plan for that sort of thing so that you get a smooth journey and get to your expected outcomes.



## Transition to a DIO



As the story continues, the CEO asks Rosa how he can prepare BLS for the transition to a digitally integrated organization. In her answer, she gives 11 steps, and they're up here on the slide kind of grouped into three categories. So there's one category that is sort of the preparation. And then the next category is the action. And then the third, in the green, is measurement. So what happened, did it work, those sorts of things. So let's kind of walk through them real quickly.

So first of all, she talks about adopting a digital mindset. The fact that the management at the company is in for a real fundamental change and it's not something where we're just going to be chasing whatever the technology of the day is, but looking at a long-range change in incorporating digital into all of that. And then build a collaborative interdisciplinary team is a next step, another preparatory step. And this follows on from what we've just talked about.

This team needs to be able to work together. You can't have them working at cross-purposes. And you want people from different parts of the company, different disciplines within the company, working together on teams. And what that does, of course, is it breaks down those silos again. We're constantly, constantly, constantly trying to break down those silos, or at least punch holes in them, so there can be communication between them without it having to go all the way up to, say, a vice president level and then come all the way down another vice president's silo.

Then developing the integrated digital marketing strategy, that's going to be important. Exactly how are you going to take your marketing needs, traditional marketing ways of doing business and all that, and integrate that with the digital world? So it's a matter of bringing together digital and consumer wants and needs and a lot of data. That's pretty important in this whole piece as well, of course so that you can develop this IDM strategy.

In the fourth, in the preparatory section, is understand the consumer empowerment. So you have to understand that there is power being gained by consumers when you look at social media in particular. So there's a voice, it's a voice that can be more easily broadcast to the world and heard by the world. So everybody needs to understand this empowerment that's going on of consumers and how the company can use that possibly to their advantage, particularly in the social media strategy.

Then, as we move around the bend here at the bottom to the fifth point, so it's the bottom of the blue stack, we're going to talk about build powerful responsive social brand. See how nicely that flows from the fourth step. So that's the first, really, to do, sort of action item that we've got here beyond the preparatory stage. So build powerful responsive social brand. So it's something that-- a brand that's going to be responsive to consumers and it shows value. Consumers would see value in that brand.

And of course, at the end of the day, I mean, this is basic marketing now. The brand that you're building has to be aligned with what customers need and what they want. That's Marketing 101. So there's lots of ways to do it. You can have advisory groups and all that sort of thing. But it's work that needs to be done. And it may be sort of new, depending on what the company culture has been in the past.

Create relevant content. This goes back to content marketing. So we're trying to fish for people that could possibly be customers. We're not reaching out to them, but we're setting bait out, the white papers and whatever kind of content that we might be able to make available that might be of interest to potential customers. So we have to actually create all that before we can then make use of it in content marketing.

And seventh, generate customers from social communities and global networks. Well, that's kind of the definition of social media in a way. So there's going to be a lot of analysis and a lot of work monitoring and then participating in these networks. And this is where the digital effort, really, where the rubber meets the road to a large degree.

And then eight, near and dear to everybody's heart hopefully, in this course, is we need to figure out a way to leverage data appropriately. OK. There's going to be a lot more data coming in as we go digital. And we need a way to manage it and then to use it, to leverage it appropriately, as they say.

And all that means is that the data, just like a great big long stick, can provide leverage if you're trying to lift a rock or something. Well, it can help you with the heavy lifting in marketing and in, frankly, anywhere else in the company where the data can enlighten and provide new solutions and things of that nature.

As we round the next bend, over into the monitoring side, with point nine-- so we have to monitor the digital footprint, which is kind of a fancy way of just saying that somebody needs to be checking all the social networks, social media tools that we're using or participating in. And what we're looking for is to listen for messages and feedback from customers or potential customers. Remember in social media we're talking about a two-way communication.

So it's not like the old days where you could just put an ad out. You can blast it out. It's a one way street. The message goes out to the people. With social media, they can communicate back in the same medium. And we need to be ready to monitor it and be listening and then to be able to react.

10Th step, evaluate digital return on investment. So it's a matter of figuring out which tools work, which tools don't work. And I think, in general, for most organizations, going digital is going to be a positive thing. It's going to help the ROI. But that doesn't mean that every piece that you do is going to help your ROI. So you want to be looking at that and not spinning your wheels and spending time and money on pieces that maybe don't work in your industry or with your product or your customer base, that sort of thing.

And then 11, demonstrate the value of the social enterprise. So basically, the organizations managers and all the team members in this digital effort, need to be able to look at how things have been integrated throughout the organization and how the collaboration is going and all that. And see if it really is resulting in growth of sales, growth of market share, and other positive metrics that are going to go positive for you. If they're not, then some additional work needs to be done. Some adjustments need to be made.

And also what has to happen is there has to be an environment that's sustained by the organization that will help the staff maybe feel like they're on the right path. I think the book uses the word "inspire." So it would inspire the staff basically to move towards those kinds of solutions.

And it's through this sort of measurement and course correction mechanism, that, really, the whole process sort of self-corrects. And it becomes kind of sustainable, even as the external situation changes. If you're constantly doing this, you're making adjustments to react to those changes in a positive way.

## Developing a Digital Mindset

Three dimensions needed for firm to adopt digital mindset:

1. Leaders of firm must develop competencies required to lead change to digital mindset.
2. Leadership must evolve. Situational leadership is required.
3. Leaders must develop organization to the point that it can create required structures and processes for change.



Well, the next sort of chapter in the story is set-- or step in the story, the question from the CEO is, what conditions are critical to the successful organization-wide adoption of a digital mindset? So a digital mindset is something that presumably is needed and would be beneficial to carry out this sort of digital change. And the answer comes back in the text that three dimensions really are needed for any organizations to adopt a digital mindset.

And this was in the context of the BLS example, but it would apply equally well to almost any organization. First, the leaders of the firm have to develop the competencies that are required, that they will need to actually lead change. So you're not going to be able to get to a change or to a development of this digital mindset, unless the leaders themselves have developed digital competencies, essentially. So that's the very first thing.

If you've got leaders that are completely clueless about digital, and they don't want to take the time, and they don't want to make the effort, and all that-- if you're the digital integrator who's been charged with this-- you're going to have a hard time. It's like almost any other change that happens in management. You absolutely need the buy-in right from the top, from the CEO on down.

The second thing is that leadership has to evolve because the world is evolving around the company. So the term used is situational leadership. That's a basic requirement, really, in a situation like this where the world is changing. And the manager, who was a terrific manager last year or the year before, but has

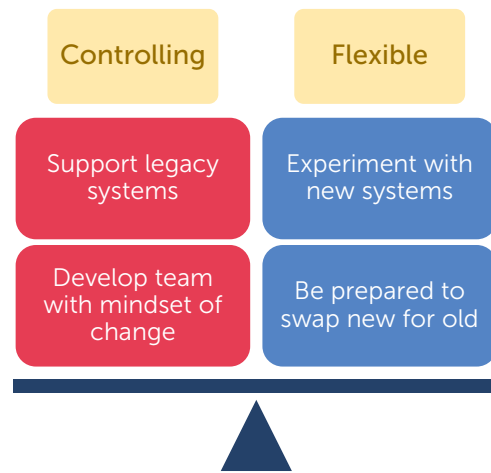
blinders on, is focused only on the task-at-hand, isn't looking at the world around them, how situations are changing for the organization.

Then, if they don't change their leadership style to match that, because they don't see it, they're probably looking at failing at some point fairly quickly. So situational leadership allows you to make those adjustments to react to what's going on in the real world.

And then third, leaders must develop the organization. The organization needs to be able to do some course correcting on its own. Because the organization is kind of like a living organism. It's made up of all these managers and teams and all these people. And if you've got the culture going right, and you've got the people with the right competencies and all that, this organization itself, you can get it to this point where it actually can form departments form-- I think the book calls it structures-- and processes that allow change to happen.

So it's like building a living organism that then can kind of take the job forward. And of course, you're still going to need to guide it and move it along and all that. But you won't have to do every single thing as somebody fairly high up in the digital integrator area. You'll let the teams and the employees basically do their jobs. And if the organization and the culture is right, as all those individuals do their jobs, the organization makes the right changes.

## Paradox Needed to Develop Digital Mindset



Rosa is happy to point out that there is a bit of a paradox that the company and the company's management needs to understand as they develop a digital mindset. And by the way, this matches up with the video that is tied to this week's case. It's this paradox that makes for kind of an interesting study.

So to make the movement towards digital work, the company management needs to be controlling, but they also need to be flexible, need to be able to balance that out. So on the controlling side, if you start getting down and getting you're getting your hands dirty, there are going to be legacy systems, data processing systems, just literal, physical systems-- maybe the way warehouses are laid out or something on that nature, but certainly, also on the automation side-- that you're going to need to support.

So the controlling part is you have to have the wherewithal to be able to stick with it and keep it running, even while you're experimenting and maybe developing the replacement for that or a major revision of it. Also, on this controlling side is, you've got to be able to develop a team that has a mindset of change. You can't have a team that really settles for the status quo. So the control part is that you have to make sure that you're constantly pushing them or that you have trained them and developed them so well that they're pushing themselves.

On the flexible side, you're going to need to-- while you're running the company on legacy systems, you're going to be needing to go out there and experiment with new systems. What's the system that's going to be needed next year, next month, for that matter? And what's the system that's going to

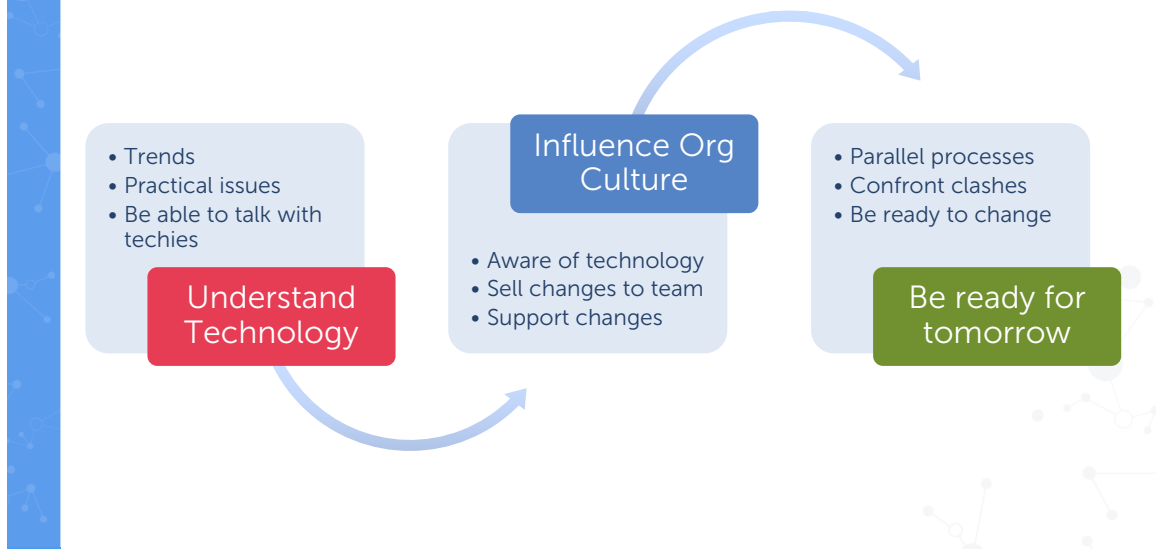
be needed five years down the road or ten years down the road? You need to be looking at those. And you need to be flexible enough to say OK. We're going to have to change some things. It's not going to always be the same as we've done with our legacy systems.

So that's the flexibility there. And you also need to be flexible in terms of timing and circumstances. Maybe you've planned a changeover but then a competitor does something or a new technology comes out or whatever. You might end up having to scrap part of what you've done and start down a different road because the technology has changed or because a competitor has changed your world, rocked your world. And it's more of an earthquake in your world.

So you need to be prepared to swap out new for old. And the old, in this case, could be something that you're developing and has never even been implemented yet. But you might have to drop it. And it certainly also could be some of those legacy systems on the other side. So the management and the staff really need to be able to have the discipline to be controlling. But they have to be able to pivot and be flexible and respond to things and also to either threats or opportunities that they can take advantage of by acting quickly.



## Leadership Skills to Develop Digital Mindset



This slide continues a theme in the video that we're using in the case, and isn't reflected in the text, but talks about leadership skills that are needed to develop the digital mindset and basically comes to the conclusion that there's three sort of major categories of skills that top managers need to be able to successfully get from where they are to getting this digital mindset put into place.

So first thing they need to be able to do is understand technology. And if you've ever worked with a boss who doesn't understand technology and the reason why something is important or it's not important-- because they just don't understand the world that you're talking about-- I think you will understand why that's listed here. So the top management need to be aware of trends that are happening in the world of technology, what the practical issues are.

Because you know there's always some new theory or some new idea, but then there's all these practical considerations to actually putting it into use. So they have to have, not detailed knowledge, but a general working knowledge of that. And it all comes down to this. They've got to be able to talk with the techies. Now if you consider yourself a techie and you don't like that term, my apologies. But that's kind of where a lot of managers who have never written a line of code in their life or never manage a database or done anything on the techie side--

They are a little intimidated by it because they don't completely understand it. They haven't worked with it and lived with it. But they need to be able to talk

and have some common vocabulary and common definitions and be able to talk intelligently with the people who have a much deeper understanding of the technology that's being used. And that cuts the other way by the way. The techies need to understand how to talk with top management who doesn't understand all of the nuances of the technology you might be working on.

So you may be the expert in the technology world, and the temptation, it's a big temptation, is to talk down a little bit to the boss sometimes because they don't get something that's obvious to you because you work with it every day. And guess what?

The boss has the same issue because maybe there's strategic stuff and there's all this managerial stuff that somebody who's working with technology day-in and day-out, especially if they're working on their own or in a very small team, they may not catch all of the pressures and the things that are going on in that manager's world. And that's really dangerous if those two sides can't talk. So to get to the digital mindset, the manager needs to understand technology, really, really important.

OK. The second thing is the managers need to be able to influence the organization's culture. Now of course, you have to be aware of the technology. And you will be, if you understand it most likely. So if you've done the first step right, you've got that part already. But then you need to be able to sell changes to the team. Remember that flexibility that we talked about where you've got to be able to sell changes to the team.

If they've been working hard on something and you say oh, well, no now it needs to be this. And anybody who's worked on the automation side of that knows that that's the last you want to hear from a user. Because you know that you're going to have to throw away X number of man hours of work or whatever it is to make this change.

But the manager may be asking for the change because they forgot to do something, or maybe they're even a little incompetent. But most of the time it's because the world is changing around the company and around that manager. And they're simply being flexible, and you've got to be flexible as well if you're on the technology side of things. And then also the managers need to learn to be able to support changes that might be coming from somewhere else. Maybe it's coming from the technology side.

There's a whole new piece of software out there or an upgrade or whatever it is that's going to solve a bunch of problems and make this better. And is it worthwhile to take a little bit of pain here, and then move forward with this newly available tool? It might be that kind of change. So it can run both ways.

But at the end of the day, the managers need to be able to influence the organization's culture through technology and how they interface with the various teams.

And then the third piece is you've got to be ready for tomorrow. It's always looking ahead, always playing the game and planning several moves ahead. So that might be the ability to understand the need for and to support parallel processes as you transition from one system to another. And it's not just computer systems. It could be procedural systems and lots of things like that.

Also managers need to understand that sometimes you just gotta confront conflict straight on. So there are going to be clashes. And you need to confront those clashes because you can't just sweep them under the rug or ignore them. They're not going to go away. You've got to actually-- and you want to pick your time and place to do this of course-- but you're going to have to confront some of these issues and solve them. Make some decisions. Make informed decisions, maybe with the help of the team, that brings together all the information and make it a collegial decision.

But at some point the manager has to say, this is what we're going to do based on everything you guys have told me. And always, always, always you've got to be ready to change. The world is changing fast. And companies and the managers of those companies have to be ready for it. You can not think that you're going to stick to a 10-year plan and not have to change it along the way. You got to be ready to change or you may not get there. You may not get to tomorrow.

## Making It Happen – Connecting the Digital Dots

1. Invite department leaders to cooperate. Each to contribute:
  - Suggestions for strategy to move customers through DIC to purchase and advocacy
  - Presentation on their department's best digital practices
  - Recommendations for data collection from customers and ways to use data
2. Have leaders identify initiatives linked to goals and leading to IDM strategy, that also have metrics
3. Offer weekly training on topics requested by leaders.

Well, next we kind of go back on script with the story in the text. And the CEO's next question is, how do you begin to connect the digital dots between functional departments? And Rosa comes back with three main points. First of all, these are people you are dealing with. So invite department leaders to cooperate.

You're going to bring them together. And these are people you're pulling out of silos, remember you're trying to get rid of those silos or break through the silos anyway. And these department leaders are each in control of the silo. So bring them together, and then get each of them to contribute to the discussion. So there might be suggestions on strategy as far as how are we going to move our customers through this whole process of going digital.

And maybe what you do is you ask each of them to provide a presentation, again in these joint meetings, of their departments best digital practices. Now a couple things could happen. A department may have fantastic digital practices. And they can share them with everybody at this point, and they look like heroes.

The next department maybe doesn't have any best digital practices because the manager isn't as attuned as the other manager, or the departments are different, or their workload is such that they haven't been able to spend time blue skying and those sorts of things.

But if you're doing this, then that will incentivize that manager-- because the manager doesn't want to look like an idiot in front of everybody else-- to at least, think about it for a while and bring their team together to think about for a while so that they can have at least a reasonable presentation to give in front of the boss and everybody else.

Third item there in the first step, recommendations for data collection from customers and ways to use the data. OK? Because now we're moving to digital. So now, all of a sudden, part of moving to digital is making available a lot of data coming from customers. So it's like we're connecting all the plumbing, and we're turning on the faucet, and OK. Well, how did we collect it? How did we fill the pipes with all this data coming in?

And then when it comes out the faucet, how are we going to use it? It's going to be there, it's an asset, it's a tool we can use. How are we going to use it? So what you're really doing in step one is getting these department leaders in at the same table, and getting to talk about the project at hand, which is moving to digital.

The second item, suggestion that Rosa had was to have these department leaders identify initiatives that are linked to goals. That's important, so it can't just be any initiative. It needs to be an initiative linked to goals and that's also involved with the IDM strategy, or as the book puts it, leading to the IDM strategy.

And thirdly, the next little piece and item two here, is there have to be metrics involved. So you have to be able to measure it. So what you're asking them to do is to identify an initiative that would get you to a goal. And it would use the IDM strategy of moving that way. And it would be measurable. That's exactly what you're looking for. And here you're using that as a way to bring people together and get them excited about the project.

Then the third, offer weekly training on topics requested by the leaders. So what you've got there, really, is input coming from these department leaders. What do we feel like we're missing? What do we need to do our jobs, or this new job that you're giving us, about integrating, and busting down silos, and going digital and all that?

What do we need? What tools do we need? What training do we need? So you're gathering that information from the bottom up. And then you can turn it around and provide the training, provide the background and the ability to gain knowledge and skills that you're going to need as you move forward.

## Leadership Competencies for a DIO

Role	Skill	Competency
<b>Producer</b>	Create compelling content; hone technical skills	Inspire strategic creativity
<b>Distributor</b>	Sustain body of social followers	Leverage communication and dissemination dynamics
<b>Recipient</b>	Use intelligent filtering for timely responses	Manage communication flow
<b>Adviser</b>	Raise digital media literacy of staff and stakeholders	Drive strategic digital media utilization
<b>Architect</b>	Leverage diverse digital tactics and tools	Balance accountability with collaboration
<b>Analyst</b>	Anticipate and respond to the next paradigm shift	Monitor digital trends and innovations

The next question the CEO asks Rosa is-- he's going well, you know, we're building this team. And the idea is to implement our IDM strategy. What competencies do we really need to develop internally? What do we need inside the company? Or what do we need to look for externally when we're hiring new team members? And she goes into an answer. And the book has it conveniently summarized in a table that you see on the slide there, so figure 11-3 out of the book is just illustrated on the slide.

And she goes on to talk about there being six categories or roles that are out there. And you notice in each role, there are skills and there's competency. So what she's saying is that almost any job in the company could be slotted into one of these six categories. And depending on what category they're in, then they would end up needing the skills and competencies. So if we take an example here.

I'll just go with the first one, producer. And the skill is, create compelling content, hone technical skills. OK? So that's an example. If they were producing something else, I suppose you might have something else there. So the skill, again, is actually creating content and continually honing their own technical skills so they're better at this. In terms of the competency, you know, something you can measure somebody on, you can set as a goal for them to achieve-- inspire strategic creativity. Wow. That's not something you see every day as a goal from the HR department.

But it makes perfect sense. If you go down and let's pick the architect, for instance. And we're not talking about somebody who designs buildings. We're talking about a category here, a role. So leverage diverse digital tactics and

tools, which is kind of what an architect in the real world does. They're going to use various tools and materials and techniques and everything else to create something, to plan to create something.

And that's exactly what you sometimes need inside an organization. Except you're not building a building, you're building a system or a procedure or a new product line, or whatever it is. And notice on the competency for that, balance accountability with collaboration. So you can't do it in a vacuum. You can't go it alone. If you're an architect or you're planning this, you've got to bring in outside viewpoints, people that are broken through from those other silos and sometimes maybe even customers are talked to. But there's definitely going to be the collaboration.

But the architect ends up being accountable, at the end of the day, for the design. Because if you let a committee or all these people design something, I think we've heard some of those sayings-- you know, that it's not going to be a pretty thing. It's going to be a mess. So somebody has to be able to collaborate. They have to be able to take that information in, and then they need to balance it with the accountability, and the vision, and the goals, and all that to create something that meets the needs of all the collaborators. But it's not a monstrosity or an unworkable solution.

## Encouraging Innovation

- Flatter organizations – decrease number of levels of management between front line and CEO
- Diversity in hiring – bring in people who don't fit the mold of current team members to encourage innovative thinking
- Encourage risk taking and innovation – don't penalize staff for proposing a new idea that doesn't work out



Now our intrepid CEO continues with the questioning. Poor Rosa is in for a long day here as she gets all these questions that she needs to address for the CEO. And in this case, the CEO has a pretty straightforward question. How do we encourage innovation? Well, there's three basic ways to do it.

One is something in management known as a flatter organization, meaning there's fewer levels as you go up. So between where the factory floor or where somebody is talking with customers and the CEO, there's fewer levels of bureaucracy that you have to go through. So if you decrease those management levels between the front line and the CEO, you tend to get a much more responsive organization.

And in terms of innovation, that means they're closer to seeing what's needed, and maybe even ideas that can spark innovation. So flatter organizations-- and of course there's limits on how flat you can go and still have a company that can actually operate-- but the flatter they are, the better.

And that's one of the problems that a lot of companies that grew up in mid-to 20th century, they developed these bureaucracies with lots of levels. And that can be pretty inefficient. It certainly stands in the way of innovation, but it stands the way of a lot of things. So flatter organizations are generally a good thing, as long as you don't carry it to the extreme.

Diversity in hiring. And this is not the kind of diversity, necessarily, that you hear talked about in HR departments and in government regulations and all of that. That's fine. That's desirable. And it can help us out here. But what we're talking



here, goes beyond that. So what we want to do is be able to bring people into the organization that are different from the current staff, the current employees, the current team members.

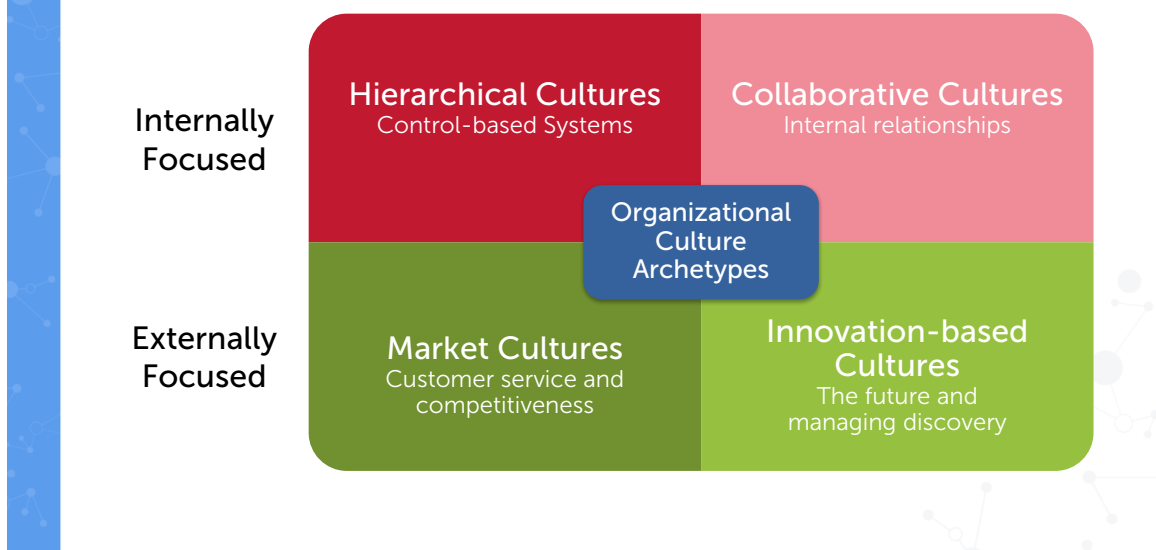
And the idea is if we get these people that are brought up differently, they think differently, they've had different experiences, it's going to encourage some innovative thinking. If you put everybody together and you end up with groupthink, you're not going to have a very innovative team. You need to have a diverse team where each can bring their experiences, and swap stories, and it all becomes part of the creative process, part of the innovative process.

Third point. Encourage risk taking and innovation. So what you don't want to do, and this happens a lot unfortunately, is you don't want to penalized people for having ideas and trying those ideas out. Because guess what happens? A lot of those ideas don't work. You want to encourage people to come up with ideas, with innovations that might benefit the organization. And you want to send them out to try them out. And you want them to swing for the fences on those.

And sometimes they're just things that can't be hit, if we want to use the baseball analogy that I seem to have stumbled into. And you can't hit it to the fence, because of this or that. It didn't work out. OK, great. We go back to the drawing board, and we try something new. You don't want to penalized people for having an idea that didn't go to market. Because guess what? Then they're never going to have another idea again, because they're afraid of failure, because they get beat around the head and shoulders by management or demoted or fired or whatever it might be, the threats of all these things if they fail. So a lot of organizations that are really strong on innovation will celebrate the attempts, even if they don't turn out to be winning ideas.

Because sometimes the idea that is a losing idea turns out to be a winning innovation with a couple of extra twists or turns that happen after somebody else looks at it or the original person comes back and takes a look at it. So you have to have this kind of open environment if you really wanted an to happen. If you don't want innovation to happen, just punish people when they fail, when they try a new idea. You'll be very successful at stifling innovation if you do that.

## Managing Generational Conflict within Firm



Well, our CEO at BLS isn't tired yet, still asking questions. So his next question was-- and you've got to hand it to the guy, he's spotted these cultural differences. He's aware of them. That's more than a lot of CEOs are. So this is a good thing. So he comes up with this question. We seem to have a clash of cultures among the three generations that make up our organization. How do we address disparities in digital literacy? OK?

So this gets back to the fact that we've got, maybe, the oldest generation still in the workforce that didn't grow up with data and computers and all of that, or they grew up with very early primitive versions of computing and automation and data processing. And then you've got some that are kind of in-between. They're comfortable with it, they've were aware and using it from a relatively early age, but maybe not from early childhood.

And then you've got the digital natives, of course, that they've never not known all of this digital stuff going on. And many of them may not even remember a world before Facebook. So you've got these three different cultures. And the CEO is wondering, OK, how do we handle this clash of cultures?

Well, Rosa's answer to all of this is that the very first thing you've got to do is figure out what the organizational culture is. What is the culture of the leaders of the company and the company as a whole? And then she proceeds to talk about four categories of cultures. And two of them are internally focused, those that are shown in shades of red on the top line. And two of them are extremely focused with the green shades at the bottom line.

So of the internally focused, there's a hierarchical culture. And this is control-based system or sometimes called command and control. This is classic management, early days of management. It's based on experiences that people had before management was something that was studied or considered, even before the Industrial Revolution, if you go way, way back now. This culture really was developed in military-- so in the armies of some of the societies. If you go back, even back in the 1700s, 1600s and before-- and also in religious organizations.

So you saw this kind of hierarchy in both military and religious organizations. And it was kind of a natural, when the Industrial Revolution came around, to bring these into this new business world. Because remember, before the Industrial Revolution, there really wasn't a need for it. There weren't large organizations for the most part. There wasn't Acme Manufacturing Company. There was a craftsman who built something, whatever it is, built furniture, or made candlesticks. And it was an entrepreneur, it was a small business basically.

And then there were journeymen and apprentices and folks that might work for that person to gain experience. But there was no need for all of the thing about hierarchy and different levels of management-- a lot of things that we worry about today, in terms of how we can effectively manage and grow these large organizations. But that's where it came from. And so that after the Industrial Revolution, these companies started growing and using the military and the religious models. And that's where we got the kinds of hierarchy that we're talking about there.

So that's not a great culture, necessarily, if you're trying to move it to digital, and you're trying to be innovative, and you're trying to be able to change quickly. That culture can be pretty difficult. You've also got collaborative cultures. So this is all about internal relationships. So in the collaborative culture, you're not really looking at what customers need. And you're maybe not even looking at what the person in the next silo needs, probably aren't. It's all about what's going on within your little area of the company. So that's another type of culture that isn't necessarily the easiest to switch over to digital.

If we go down to the externally focused, you've got market cultures. Here it's all about customers and being competitive. That's what it's about, fulfilling customer needs, identifying, fulfilling customer needs, classic marketing. It's all about being responsive to those customers. Now there's a culture where they're already listening to customers that the move to social, for instance, would not be that difficult. The move to digital, in general, probably wouldn't be all that difficult.

Then the last one, innovative-based culture, also extremely focused, is all about the future and managing discovery. So these are the companies that are into research and coming up with the new blockbuster product and all that. And they may or may not be customer-focused. If a company is doing a lot of basic research, that's usually not driven by customer needs and wants.

It's driven by well, we have an expertise in this area. So maybe we should try and developed some of these lines of research, and maybe something will be something that can be used, that our customers are interested in. And that sounds a little crazy, but there's companies that they've been successful with that. And 3M is a classic example of that kind of company where a lot of the research is somewhat basic research that doesn't necessarily have an end product in mind when they first start it.

But they've done a great job over the years of cultivating innovation. And that's resulted in plenty of misses that we don't know about, but also a lot of hits and some mega-hits. So that's this fourth culture. And both the extremely focused, I think, are easier moves to digital.

## Managing Generational Conflict - continued

Foster generational collaboration

- Employ familiar processes
  - Tools familiar to older generation, but acceptable to younger generation
- Level the playing field
  - Crowdsource with internal online forums & multigenerational teams
- Transparency is the standard
- Reverse mentoring
- Flexibility
  - Focus on efficiency and innovative solutions, not rigid work rules

So, given those categories, Rosa goes on and talks about the second part of her answer to his question about managing generational conflict. And what she says is a fairly obvious answer. And that is, you've got to foster generational collaboration. You've got to get these people talking. Because you don't want to have generational silos. You've broken down departmental silos, you don't want to have generational silos erected just because we didn't pay attention to it as a part of the company culture. So what does that mean, this fostering generational collaboration?

Well, she talks about a number of things. So maybe you employ things that are familiar to both generations, their processes that might be familiar to both generations. So focus on tools that maybe older generation is familiar with and comfortable using, but it's acceptable to the younger generation. So I think they talk about project management tools for instance. Now some of those are fairly old tools, but they've been modified over the years to become a little more automated and user-friendly. But they're still recognizable to the older generation.

So what you've got there really is, with these familiar processes, is finding common ground between generations. And that can be a starting point. And once you've made that connection in the starting point, some of the older generation can make the move and start to understand some of the new parts that are, we think, more in terms of digital.

And at the same time, the younger generation can learn from some of the basics, if we continue to use the project management tools as an example, from those older tools that maybe got lost in the move to automation of

project management. And maybe they pick up something there. So that's sort of the process that she's recommending as one step.

Another is what they refer to as level the playing field. So example they're saying is, maybe you just use online forums to crowdsource new opportunities and challenges. And the idea here is to democratize the exchange of ideas. So to get to the end of that process, you might start up working groups that are intergenerational as a part of the process.

So it really comes down to you crowdsource with internal online forums and multigenerational teams. So you're bringing them in and neither is on their home turf. And they're put together and under a watchful eye and some guidance to make sure that you don't end up with oil and water, but instead, you end up with a positive mixture.

Third thing, transparency. OK. Or as they say transparency is the standard. So you want your communications to be open or transparent so that everybody kind of understands what's going on. And they know what these other teams are doing. And they can learn to really applaud the wins that other teams might have. It basically, if you think about it, transparency just in general, helps increase peoples' trust levels because they can see what's going on. So it's a very, very positive thing when you're trying to blend cultures.

And then there's this idea of reverse mentoring. OK? So we have this idea of mentoring being the young new manager or new staff member comes in, and there's an older experienced person to mentor that person and to bring them along and show them the ropes, all that. So in reverse mentoring, basically what's going on is you might have somebody who's younger, but is more familiar with certain things than an older person in the same organization.

And that younger person can mentor them in that area. And quite often, that is something to do with digital and with automation. So somebody who's younger and maybe comfortable with that can mentor the older manager who still has a typewriter in his or her office, for instance. That's a sure sign that somebody needs a little bit of mentoring in the digital area, if you see that sort of thing.

The last item that Rosa discusses is flexibility. And you know this is the new way versus the old way. It wasn't all that long ago, a couple of decades ago, where people were expected to come to work, maybe even punch a clock, and go sit at their desk or their cubicle, and work for eight hours with a couple of breaks thrown in, and then go home. That's it. Period, end of story. And then you start, and you do the whole thing again tomorrow. That would drive most millennials nuts. And to be honest, it drives a lot of older workers nuts.

Once they've had a taste of some flexibility, being able to work from home sometimes, or telecommute, or whatever term you want to use, and be able to work when they want to within reason, that can lead to generational conflict, but it can also become a common bond if you can get somebody to kind of come over to your side. So if you've got a multigenerational team and the team doesn't necessarily all have to be there at the same time and somebody can participate in the meetings from home and all that, that's the kind of flexibility we're talking about.

So it's all about focusing on the solutions, on the results, and being efficient and innovative, and all of that, rather than being there from 8 to 5. Because all those decades of companies doing that, there's a lot of people that weren't very productive. They were physically present at their desk, but that doesn't necessarily mean they were productive or, certainly, not necessarily innovative.

## Managing Change and Chaos

Recommendations for managing digital transformation

1. Help shape firm's digital goals and strategy to demonstrate leadership from the top.
2. Provide feedback and support to your team.
3. Expand digital to all aspects of your business model.
4. Budget digital as infrastructure investment, not marketing expense.
5. Adopt flexible budgeting.
6. Focus on digital literacy for your team.

Well, the CEO's last question is, it's a good one. So he goes, Rosa, the real question is, how do I manage change in chaos? Heck of a question. So Rosa comes back to him, and she's pretty good with numbered lists, bullet points. She comes back this time with six points, six recommendations for managing digital transformation, so managing this change and this chaos that's involved.

The first, help shape firms the firm's digital goals and strategy to demonstrate leadership from the top. So in other words, the manager needs to be involved. And they actually have to lead by doing. So they're actually getting their hands dirty shaping digital goals and strategy. And they don't sit in the corner office and wait for somebody to come in and offer them up a proposed digital goal and strategy. They're part of the mix. They're there for at least parts of the meetings and involved in the process.

Second, provide feedback and support to your team. Well, that would seem like management 101, but it isn't always the norm in every organization's culture, unfortunately. So if manager has method this-- and in many ways you would think it's common sense, but it doesn't appear to be all the time-- so they have to be able to provide the feedback. They can't just provide silence, and then wait for the finished product, and then say that's horrible.

They should be involved all along the way providing feedback and going back and forth and supporting the team. Does the team need something? Do they need help? Is there another department that's being non-responsive that the boss can help get responsive for them? Anything along those lines, that's going to be very helpful in a manager successfully navigating all of this.



The third item, expand digital to all aspects of your business model. So in the book what Rosa is saying by that is expand beyond marketing and communications, because for the most part, the book does stress marketing. But it could be beyond almost any piece that has maybe traditionally been the focus of this team or this department or whatever it might be. So the idea is that this digital transformation has to eventually be company wide, and people should be thinking about that. Particularly, the managers should be thinking about that and guiding their teams accordingly.

The fourth, budget digital as infrastructure investment, not marketing expense. OK. So if you're familiar with finance and with accounting, there is a difference between spending on the rent for your store, say, versus investing in maybe the store fixtures. Because those store fixtures are going to be there helping you generate revenue for years and years to come. So the store fixtures, the shelves and those sorts of things, are investments.

And from an accounting standpoint, that means they don't get expensed. They're not listed as an expense for that month. They're instead, when you spend money on them, they're carried as an asset on the firm's books. And then a little bit is written off each month, depending on whether you're depreciating him over a year or five years or 10 years or whatever it might be, depending on the type of material or equipment it is.

So what they're saying here is digital should be infrastructure investment, just like the shelves in that retail store. If you're spending money to develop a digital footprint for the company, a lot of it probably should be treated that way. Now accounting regulations may or may not let you do all that on your books, but from a decision making standpoint, managers have to understand that some of this stuff is an investment in the future. It's not just an expense.

Fifth thing, adopt flexible budgeting. And there's nothing fancy here. It's simply having a little bit of wiggle room or a fudge factor in your budget so that you've got a little extra money that's out there. Maybe it's unbudgeted. You have so many dollars that are unbudgeted. They're there to be spent, but they haven't been budgeted to a particular item.

And what that allows you to do then is to react to opportunities or unexpected expenses and be able to cover the cost overruns on a project or to start a new project because some new opportunity has come up. It's pretty hard for the company to be flexible and adapt to rapid change if the parts of the company can't be funded, if the budget is not there to be able to be spent on something that nobody had focused on. It wasn't on anybody's radar screen at the time the budget was made.

And then sixth, last item, focus on digital literacy for your team. No matter how good a job you do and culture and everything else with a team-- if there isn't the digital literacy, if they don't understand the basics of what's going on in this whole digital revolution, if they don't understand the basics that means they can't understand that changes are happening, most likely-- then you're going to have a hard time having them be a productive member of the team.

They don't have to be experts. But they've got to be able to have a knowledgeable conversation with experts, at least at a relatively low level. So they need to understand what this automation does, what this software does, what our investment in social media, what it's all about. If they don't understand that stuff, it's going to be pretty hard to participate in any of these discussions and develop strategies and all the rest of the stuff that we're expecting people to do.

So it's getting people up to speed on digital, but also this focus on digital literacy is keeping them up-to-date on the changes, the new developments as well. Because, let's face it, when it comes to something that changes as fast as this stuff, nobody ever really stops learning.

All right. Well, I think we may have set a record for this chapter in terms of length. But there's a lot of good, interesting stuff in here. Hope you got something useful out of it. It's the kind of thing that can be very, very practical on the job, as you go from workplace to workplace during the course of your career. Because you'll probably end up seeing a lot of different cultures and a lot of cultures adapting in different ways to whatever the current digital challenge might be next year or 10 years from now.

So we'll call it a day there. And look forward to talking to you again in the next chapter.