Lithium®

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# Understanding Digital Transformation


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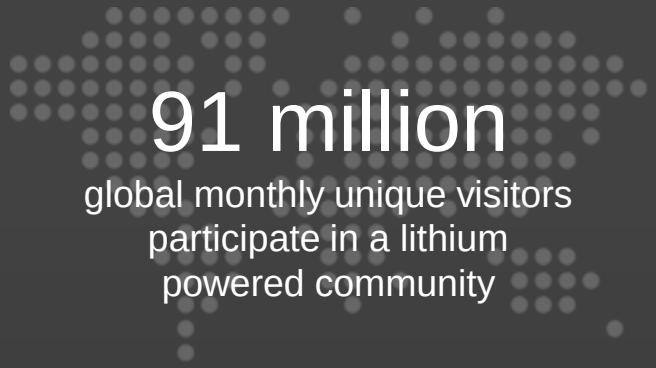
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# Agenda

- The scenario
  - What is happening?
  - Why is it happening?
- What is Digital transformation?
  - How organisations can start a digital transformation?
  - The role of people & management
- The competing values framework
  - How to measure culture?
- How to digitally transform? A roadmap

# LITHIUM DELIVERS A SHARED VALUE EXCHANGE, AT SCALE



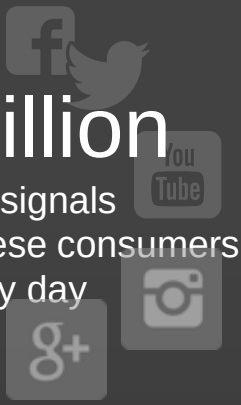
## 91 million

global monthly unique visitors participate in a lithium powered community



## 500 million

consumer profiles have been scored to assess reputation



## 11 billion

social signals created by these consumers every day

# LITHIUM ENGAGEMENT PLATFORM




Social Media Management

Online Communities

Analytics

Integrations



# The scenario

# THE DRIVERS: CX, INNOVATION AND TIME TO MARKET

Forrester reveals that the top **three digital transformation drivers** are improved customers experience, increased speed of innovation and improved-time-to market



# DIGITAL TRANSFORMATION SPENDING IS GROWING

The IDC report 2017 estimates that worldwide spending on digital transformation technologies will grow to more than $2.1 trillion in 2019



# THE (WRONG) ASSUMPTION: DIGITAL BUSINESS IS ABOUT DIGITAL TECHNOLOGIES

57% of organisations say that implementing **key digital technologies** is critical to enabling their digital business, a Forrester study says



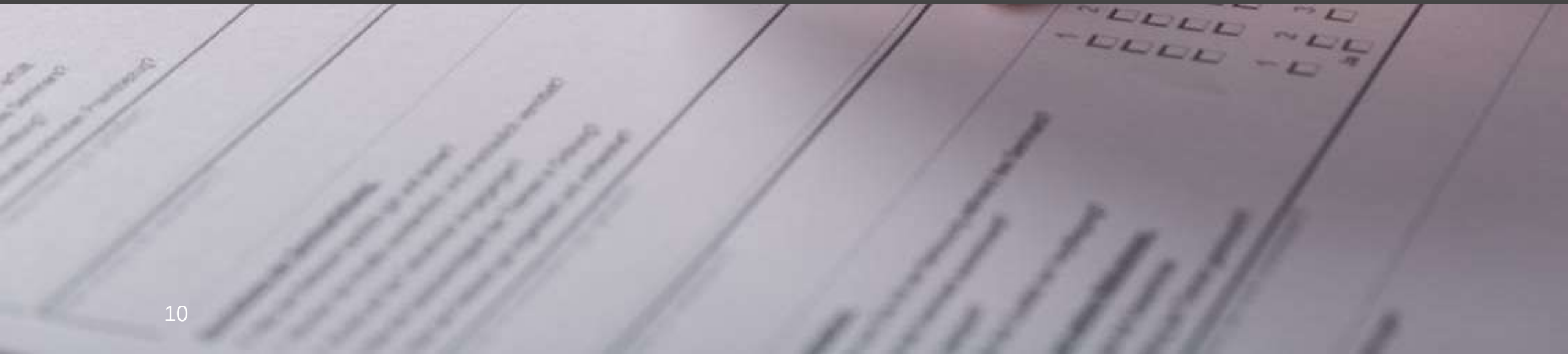
# IT IS SEEN AS KEY FOR DIGITAL TRANSFORMATION

According to B. Solis 2017, one of the top three digital transformation initiatives for 80% of the organisations include a Modernized IT infrastructure with increased agility, flexibility, management, and security.



# HOWEVER THE PROBLEM SEEMS TECHNOLOGY: IT IS HINDERING DIGITAL TRANSFORMATION

A Sloan Review Survey shows that respondents rated "current IT systems" as the **third biggest** obstacle to achieving digital transformation.



# AND THE FEAR OF THE UNKNOWN TECHNOLOGIES HINDERS TRANSFORMATION

**52%** of executives cite

"a lack of familiarity with technology"

as a barrier to digital transformation.



# MOST IMPORTANTLY: DIGITAL TRANSFORMATION IS (STILL A MISSED) OPPORTUNITY

A study by Accenture highlights that 87% of companies say that digital transformation is an opportunity, only 5% say they have mastered digital to a point of differentiation



# THE RESULT IS THAT ORGANISATIONS ARE LOST AND LOSING

CapGemini's reports that since 2000, 52% of companies in the Fortune 500 have either gone bankrupt, been acquired or ceased to exist.




What is really happening?

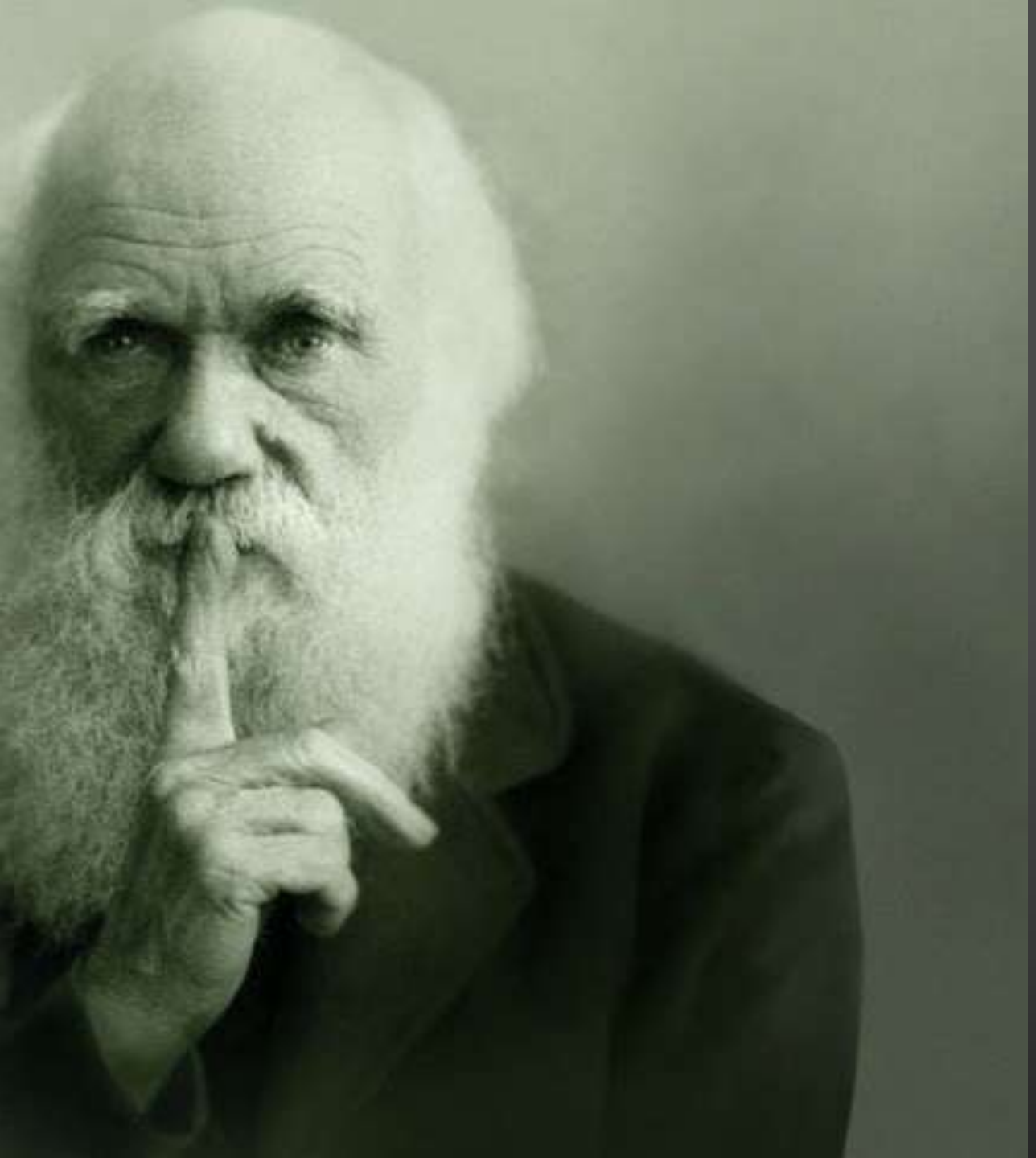
# CONFUSION

The growth of technology investments is an indicator of the current confusion.

Organisation are unable to clearly identify

- the root causes that are shaking organisations
- The essence of Digital transformation





## THE TRUTH

It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most *adaptable* to change.

# DIGITAL DARWINISM

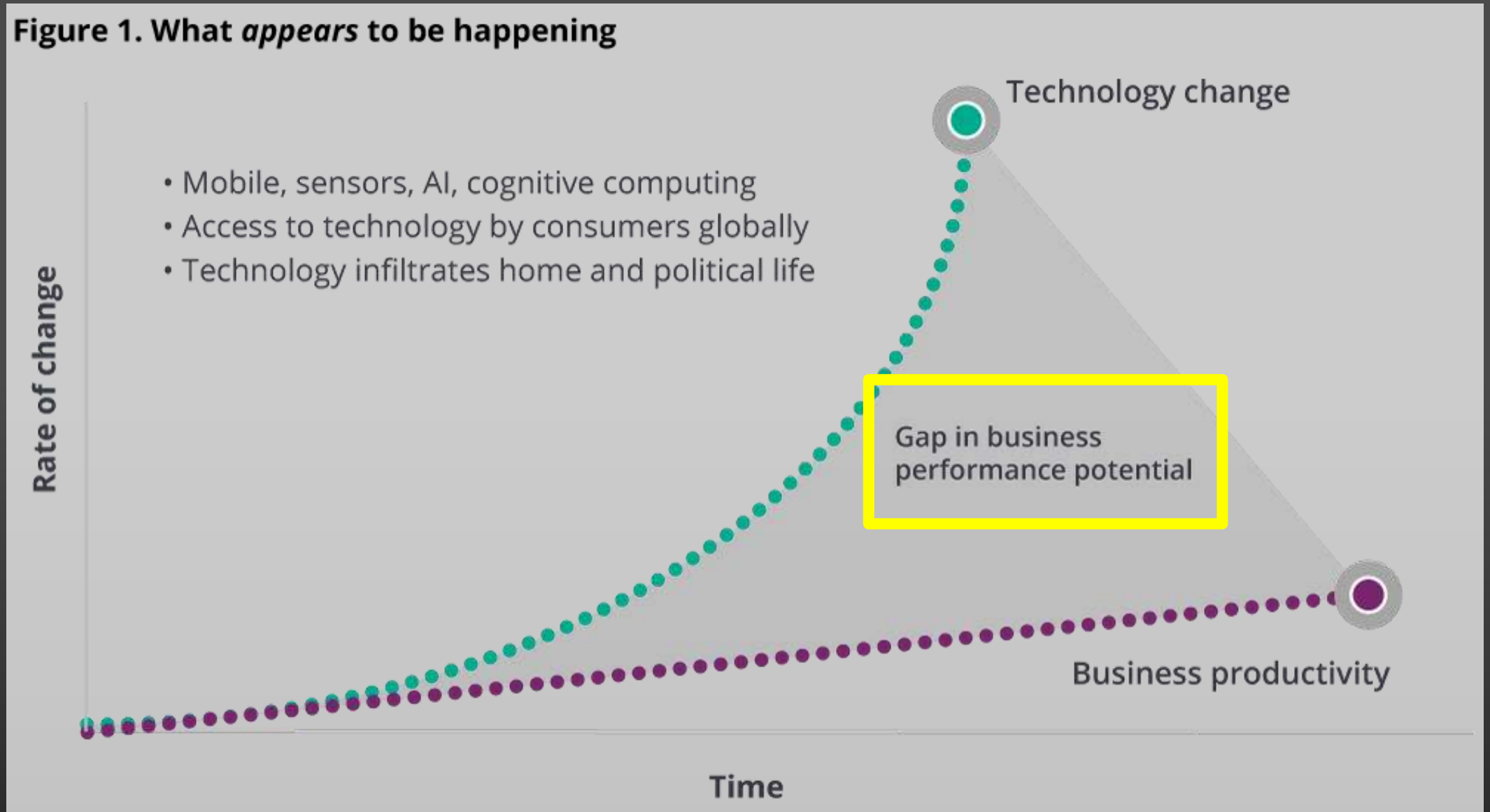
This is an era where technology and society are evolving faster than businesses can naturally adapt. This sets the stage for a new era of leadership, a new generation of business models, charging behind a mantra of “adapt or die.”

B. Solis

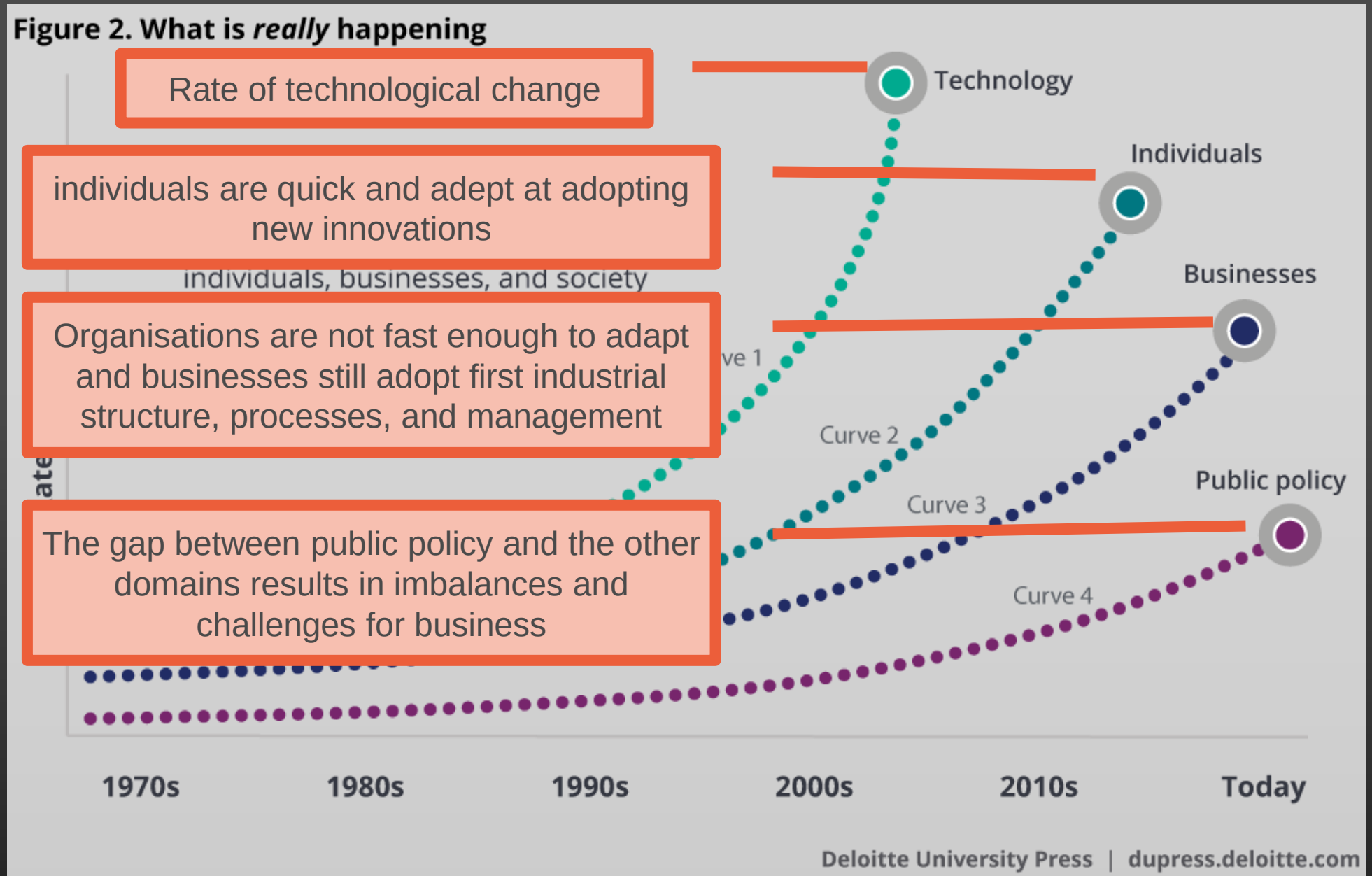


# WHAT APPEARS TO HAPPEN

**Figure 1. What *appears* to be happening**



# WHAT IS REALLY HAPPENING



# IT’S NOT ABOUT TECHNOLOGY, IT’S ABOUT PEOPLE!

the problem comes down to human capital strategies:

how businesses organize, manage, develop, and align people at work to deliver successful customer and employee experiences.






# Why is it happening?



# WE ARE DIGITAL

The change from atoms to bits is irrevocable and unstoppable.

Why now?

Because the change is also exponential — small differences of yesterday can have suddenly shocking consequences tomorrow.

N. Negroponte 1995

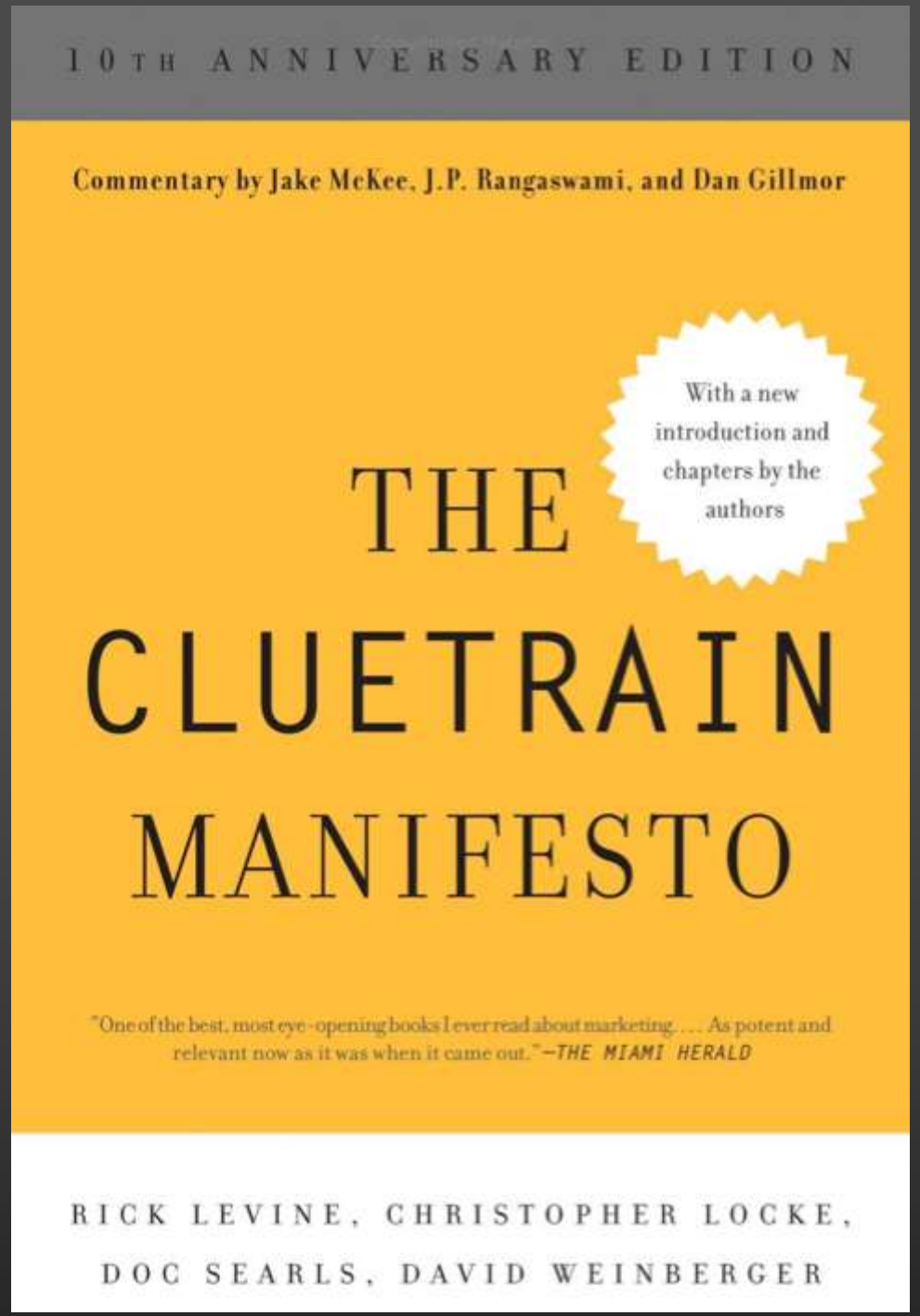
# MARKETS BECOME CONVERSATIONS

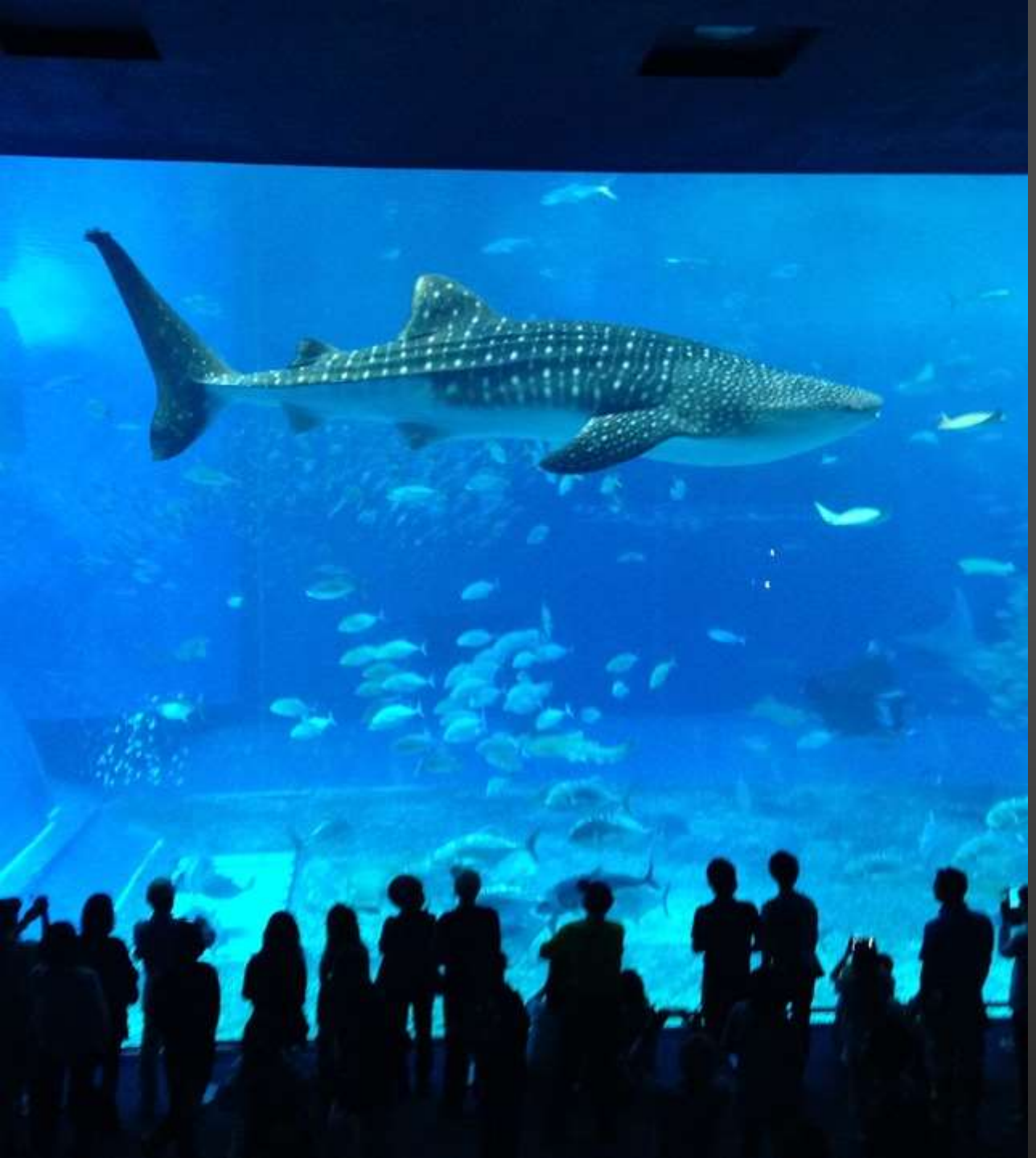
"Networked markets are beginning to self-organize faster than the companies that have traditionally served them.

Thanks to the web, markets are becoming better informed, smarter, and more demanding of qualities missing from most business organizations."

(2000)







# ORGANISATIONS AS AQUARIUMS

The relationship between organisations and the outside word has changed:

- Direct conversations
- Transparency
- Humanisation

# THE DIGITAL REVOLUTION

… just as elevators have changed the shape of buildings and cars have changed the shape of cities, bits will change the shape of organizations, be they companies, nations, or social structures.

N. Negroponte 1995



# TECHNOLOGY CHANGED DYNAMICS AND RELATIONSHIPS

Technology has changed the relationships between customers and organisations

Deeply affecting organisational models and management systems



# What is digital transformation?

# DIGITAL IS AN ADJECTIVE TELLING HOW WE CAN CHANGE




## Digital

1650s, "pertaining to fingers," from Latin *digitalis*, from *digitus*. Meaning "using numerical digits" is from 1938, especially of computers after c. 1945.



## Transformation

From *trans* "across, bayond" + *formare* "to form".

c. 1400, from Old French *transformation* and directly from Church
Latin *transformationem* (nominative *transformatio*) "change of shape," noun of action from past participle stem of *transformare*

# THE THREE ERA OF DIGITAL TRANSFORMATION

## Digitization

the *conversion* of analog information into digital form or digits (ones and zeros)

## Digitalization

the use of digital technologies to change a business model and provide new *revenue* and value-producing opportunities

## Digital transformation

applying digital technologies to impact ALL aspects of business

# WHAT DIGITAL TRANSFORMATION ISN'T ABOUT

- 'going digital'
- forcing everything to be digitalized, dematerialized, transposed into bit and bytes
- all to do with the development of new apps and tools



# THERE IS STILL MUCH CONFUSION

*[Digital Transformation is ] The use of cloud, mobile, analytics and other emerging technologies to stimulate business growth.*

CIO.com





# CHANGE IS THE KEY

- Digital Transformation is less about digital and more about transformation.

- It is about the overall improvement of ways of working and efficiency of an organisation.

# THE ROLE OF DIGITAL TECHNOLOGIES

- The strengths of digital technologies such as analytics, cloud, social media, is NOT in the technology.
- Digital technologies are not the goal, but a *tool* to transform organisations' ways of working and businesses.





# WHAT DIGITAL TRANSFORMATION IS ACTUALLY ABOUT

- transforming society through new ways of thinking
- These new ways of thinking  are enhanced by
  - technological advancement
  - digital literacy
- It’s a holistic and systems-thinking driven approach
- It’s about digital capabilities allowing us to access and see the world, people, and relationships under a brand new light

# DIGITAL TRANSFORMATION IS…




the *realignment* of, or new investment in,

**technology**, **business models**,

and **processes**

to drive new *value*

for *customers* and *employees*

and more effectively compete in an ever-changing digital economy.

B. Solis

# DIGITAL TRANSFORMATION AS A PROCESS

Digital transformation is a *process* enhanced by the technological changes we have been subject to that is deeply transforming our lives and experiences as individuals and humankind.





# DIGITAL TRANSFORMATION'S DIMENSIONS

A successful Digital Transformation initiative needs to look holistically to:

- Customer experience
- Organisation's culture
- Business model
- The organisation
- Processes
- Leadership and capabilities
- Technology & infrastructure


How organisation can start a digital transformation?

# DIGITAL TRANSFORMATION IS A COLLECTIVE EFFORT

Digital transformation requires a deep understanding of the whole organisation, both inside-out and outside-in.

It’s not the job of a person or team, but a collective effort of the whole organisation.



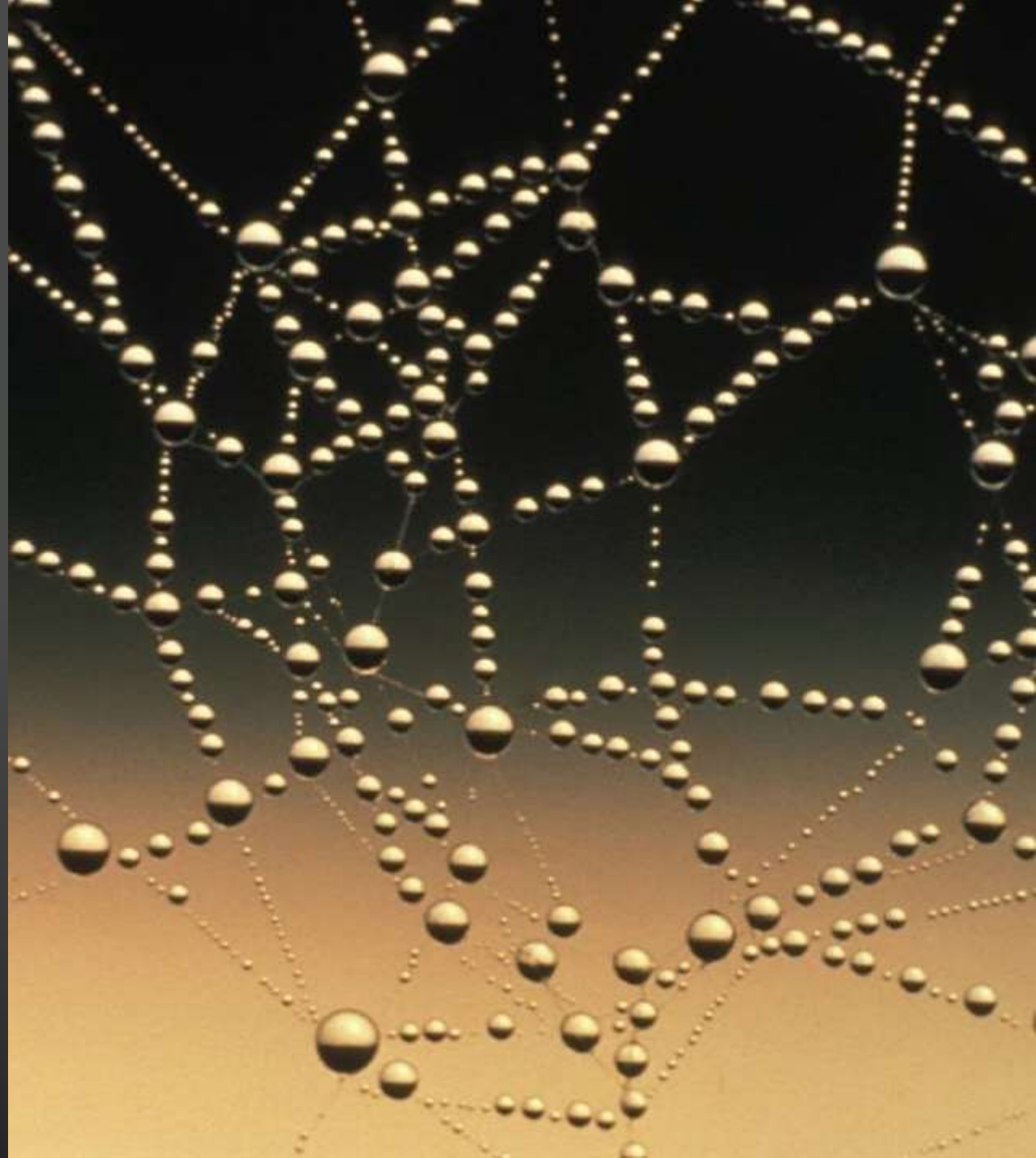


# THE KEY IS ABOUT ANALYSING

- how the organization operates at every level
- understanding what are the obsolete practices
- acknowledging which processes are hindering
  - the organizations
  - (and more importantly) people’s potential

# SYSTEM THINKING

System thinking is a method of **critical thinking** that requires to analyze the *relationships* between the system's parts in order to understand a situation for better decision-making.





# ORGANISATIONS AS SYSTEM

A **system** is a set of parts that interact and affect each other, thereby creating a larger whole of a complex thing

# SYSTEM THINKING & MANAGEMENT

The whole system is the organisation in relation to its environment.

It’s used in management to examining the linkages and interactions between the components that comprise the entirety of that defined system.



# SYSTEM THINKING & THE BUSINESS

The organisation is seen as an integrated, complex composition of many interconnected systems (human and non-human) that need to work together for the whole to function successfully.

Whole systems are composed of systems, the basic unit, which comprise several entities

- Policies
- Processes
- Practices
- People





# CHANGE

Organisations know they have to change how they operate.

But change management is hard.

Digital transformation requires a change management approach.

QUESTION

# Where would you start the change and your digital transformation?



# The importance of people



# WHAT'S ORGANISATION'S PURPOSE?

In the past, organisations' purpose was to produce goods and be efficient

Today organisations create memorable and meaningful experiences

Management has entered a new era of *empathy*



# MANAGEMENT IN THE INDUSTRIAL AGE

- Organisation as machines
- Standardized processes
- Consistency of production
- Predictability
- Stability is the norm, change an exception
- Exploitation of existing advantages
- Focus on *execution* of mass production

Old ideas and practices kill new businesses



# DANGEROUS DISCREPANCIES

Obsolete industrial practices do not work.

They were put in place to

- Deal with manufactures
- Produce goods
- Manage manual workers
- Increase workforce productivity
- Reduce costs



# OLD MODELS DON’T WORK

In today’s transformed society obsolete industrial manufactory organizational models show their weaknesses.

Those models emerged to support factories to efficiently produce goods,

but today we produce services and experiences.





# BELL AND THE RAISE OF THE POST INDUSTRIAL SOCIETY

*The concept of the post-industrial society deals primarily with changes in the social structure, the way in which the economy is being transformed and the occupational system reworked, and with the new relations between theory and empiricism, particularly science and technology*.

Bell 1974

# SIGNS OF A POST-INDUSTRIAL SOCIETY

In early 70s, Bell described the key signs of the post-industrial society:

- a shift from manufacturing to **services**
- the centrality of the new **science-based** industries
- the rise of new technical elites and the advent of a new principle of stratification
- rise of **professional and technical employment** and the relative decline of skilled and semi-skilled workers
- **Human capital** is regarded as an essential feature in understanding the strength of a society
- rising importance and prevalence of **education**
- The infrastructure of industrial society was transportation. The infrastructure of the post-industrial society is **communication**
- knowledge theory of value: Knowledge is the source of invention and innovation. It creates value-added and increasing returns to scale and is often capital-saving



# THE POST-INDUSTRIAL ERA IS ALL ABOUT PEOPLE

The inadequacy of old models is reflected in structural tensions between departments, employees, and customers.

Today the most valuable assets for service and experience creation are people, ideas, and collaboration.





# JOE PINE AND THE EXPERIENCE ECONOMY

*An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event.*

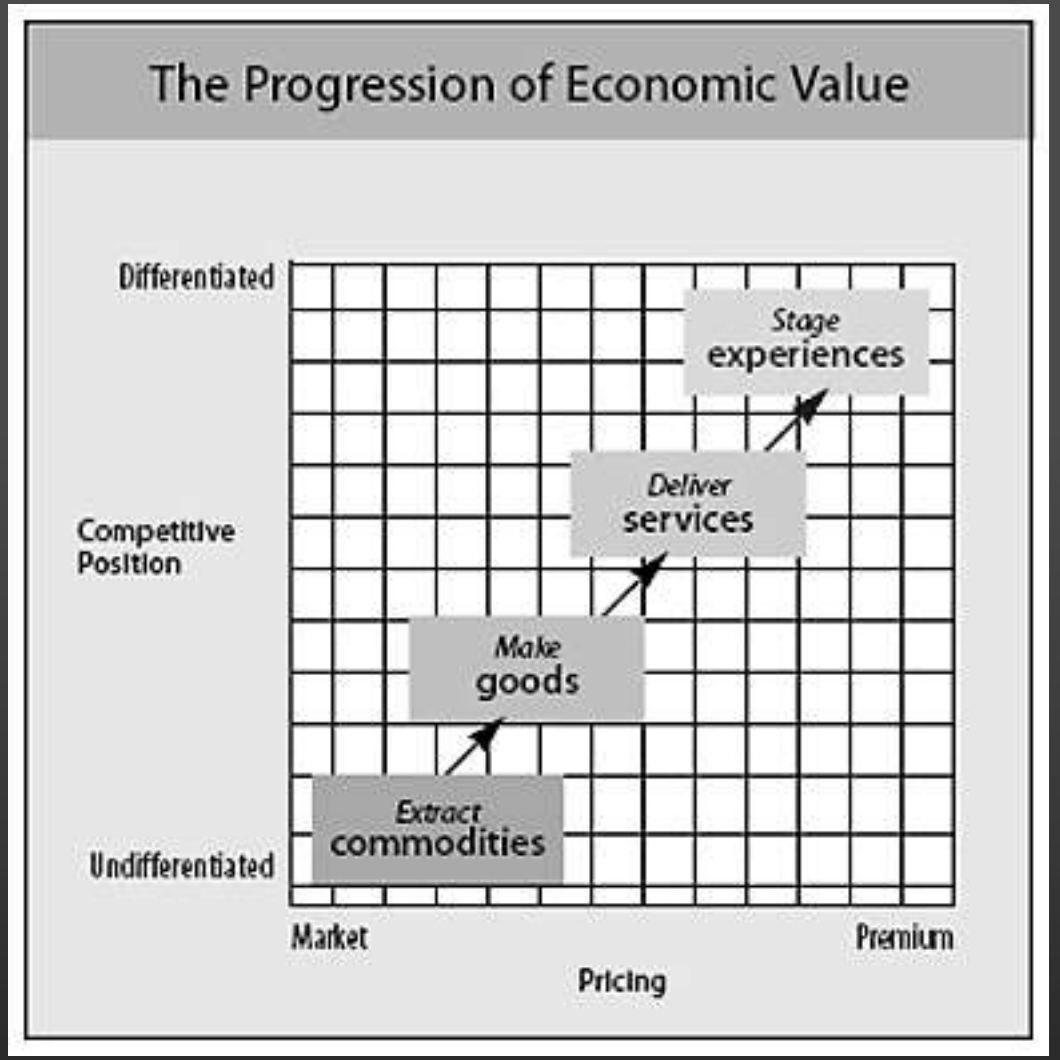
*Commodities are fungible, goods tangible, services intangible, and experiences memorable.*

*Buyers of experiences value what the company reveals over a duration of time.*

Pine, 1998

# THE EXPERIENCE ECONOMY

- commodity business charges for undifferentiated products.
- A goods business charges for distinctive, tangible things.
- A service business charges for the activities you perform.
- An experience business charges for the feeling customers get by engaging it.
- A **transformation business** charges for the **benefit** customers receive



# To lead a digital transformation you have to start with people

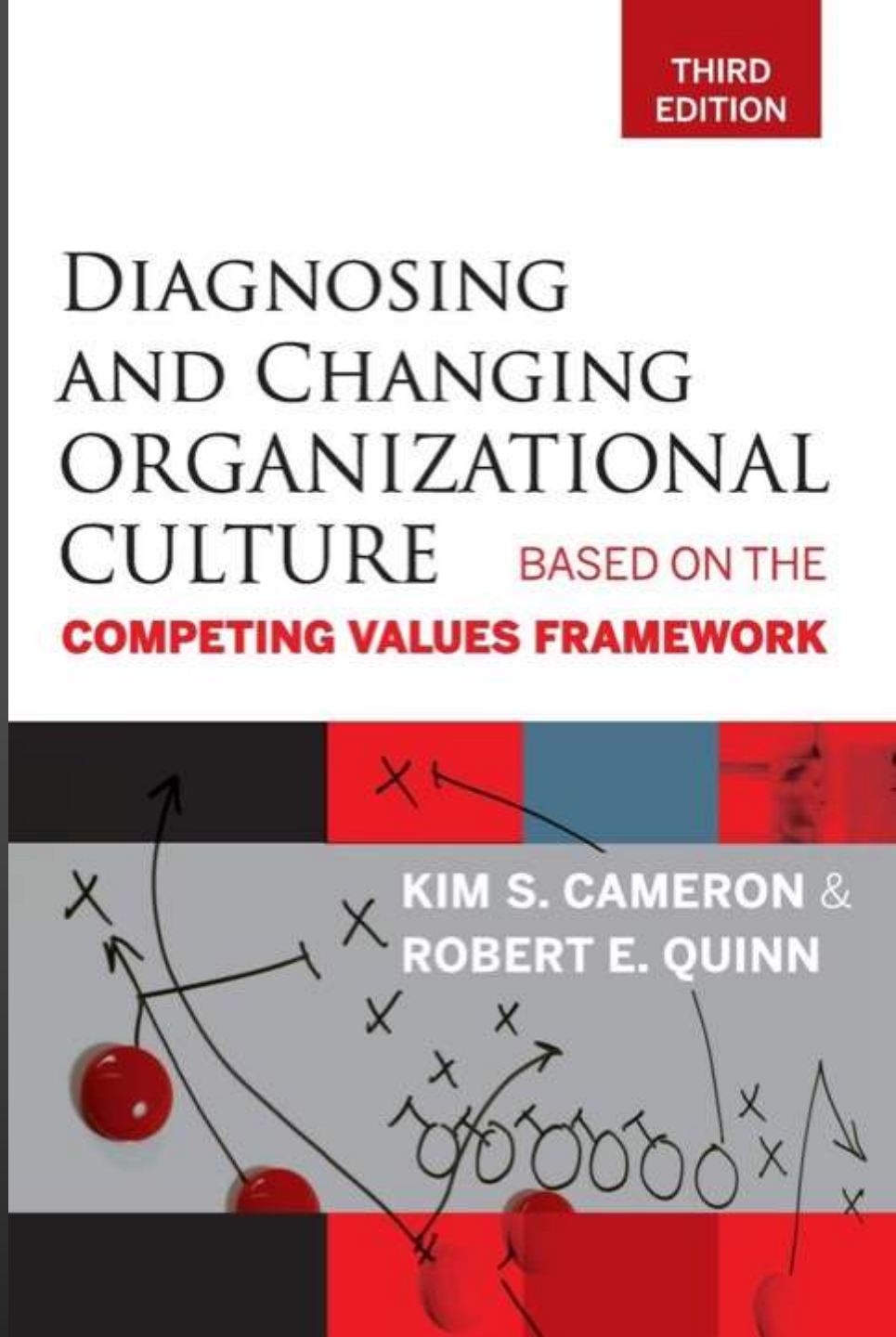



What influences people's behaviours?

# The competing values framework

# OVERVIEW

- The Competing Values Framework was distilled by Quinn and Rorbaugh (1983) by Cameron and Quinn
- Initial focus was understanding how organisation can improve their efficacy
- The framework is used for cultural assessment



# THE 2 DIMENSIONS: IN/OUT

The horizontal dimension maps the degree to which the organization focuses inwards or outwards.

To the left, attention is primarily inwards, within the organization, whilst to the right, it is outwards, towards customers, suppliers and the external environment.



# INWARD VS OUTWARD

Internal focus
and integration

External focus
and
differentiation



An internal focus is valid in environments where competition or customer focus is not the most important thing

In competitive climates or where external stakeholders hold sway, then this challenge must be met directly.

# THE 2 DIMENSIONS: FLEXIBILITY / CONTROL

The vertical axis determine who makes decisions.

At the lower end, control is with management, whilst at the upper end, it is devolved to employees who have been empowered to decide for themselves.



# FLEXIBILITY VS CONTROL

Flexibility



Control

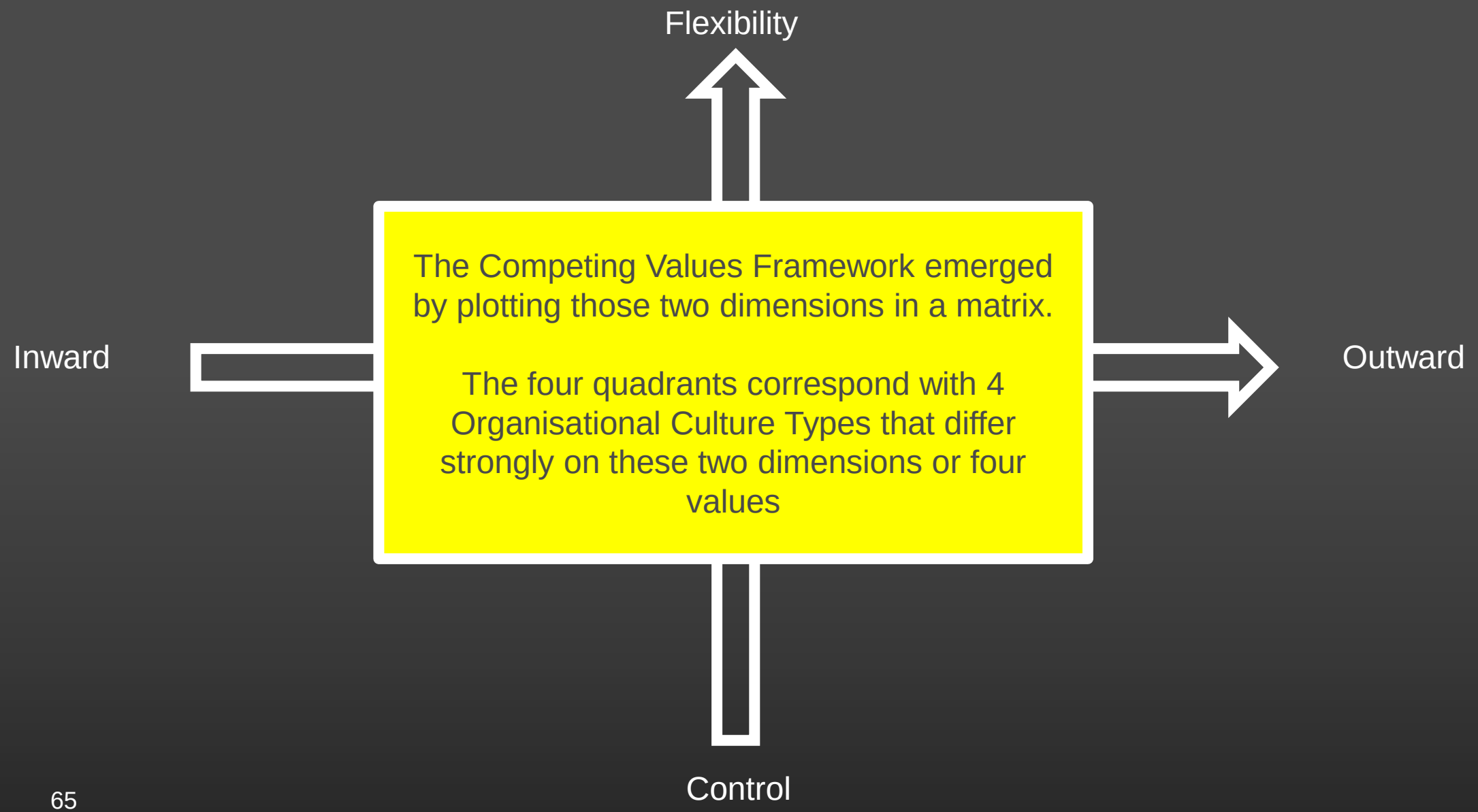
Control is devolved to employees who have been empowered.

When environmental forces create a need for change, then flexibility becomes more important.

Stability is a valid form when the business is stable and reliability and efficiency is paramount

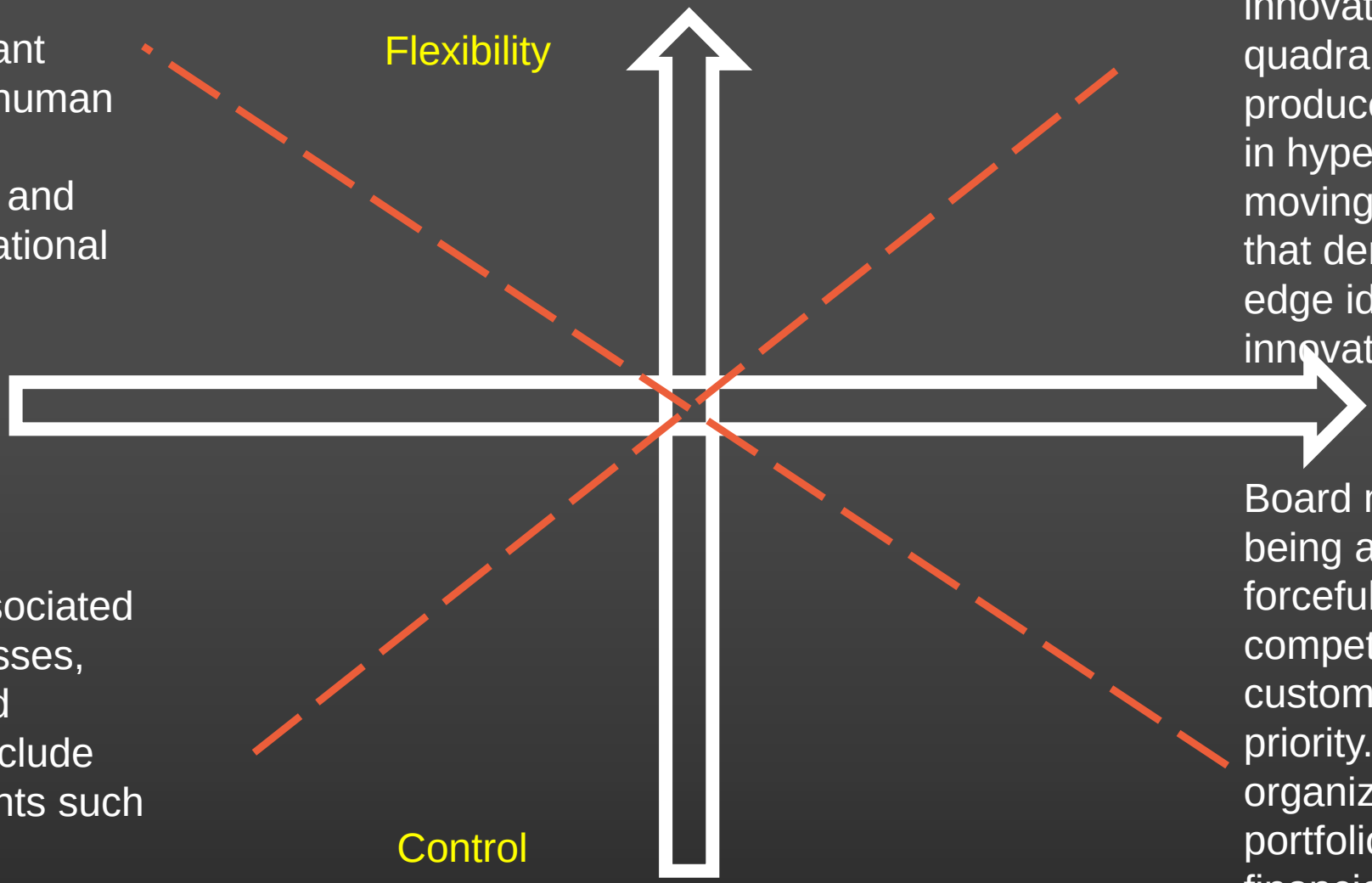
Control is with management

# THE FRAMEWORK



# THE FRAMEWORK

Value-enhancing activities in the Collaborate quadrant deal with building human competencies, developing people and solidifying organizational culture.

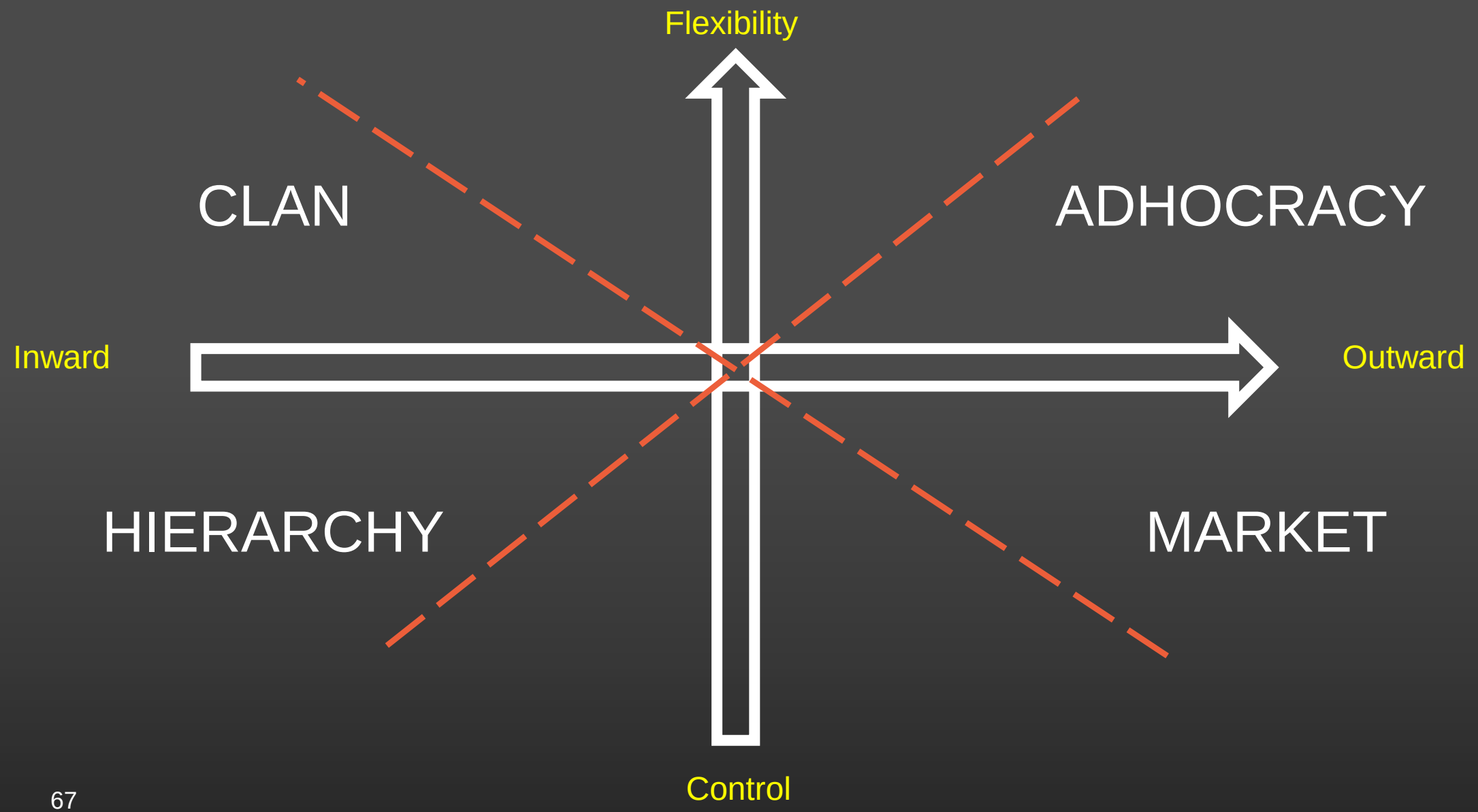



This quadrant deals with innovation. Create quadrant strategies produce the most value in hyper-turbulent fast moving environments that demand cutting-edge ideas and innovations

Organizational effectiveness is associated with capable processes, measurements, and control. Activities include quality enhancements such as process control, efficiency improvement.

Board members value being aggressive and forceful in the pursuit of competitiveness, customers are of highest priority. The organizations manage portfolio of initiatives, financial partnerships or acquisitions.

# THE FRAMEWORK



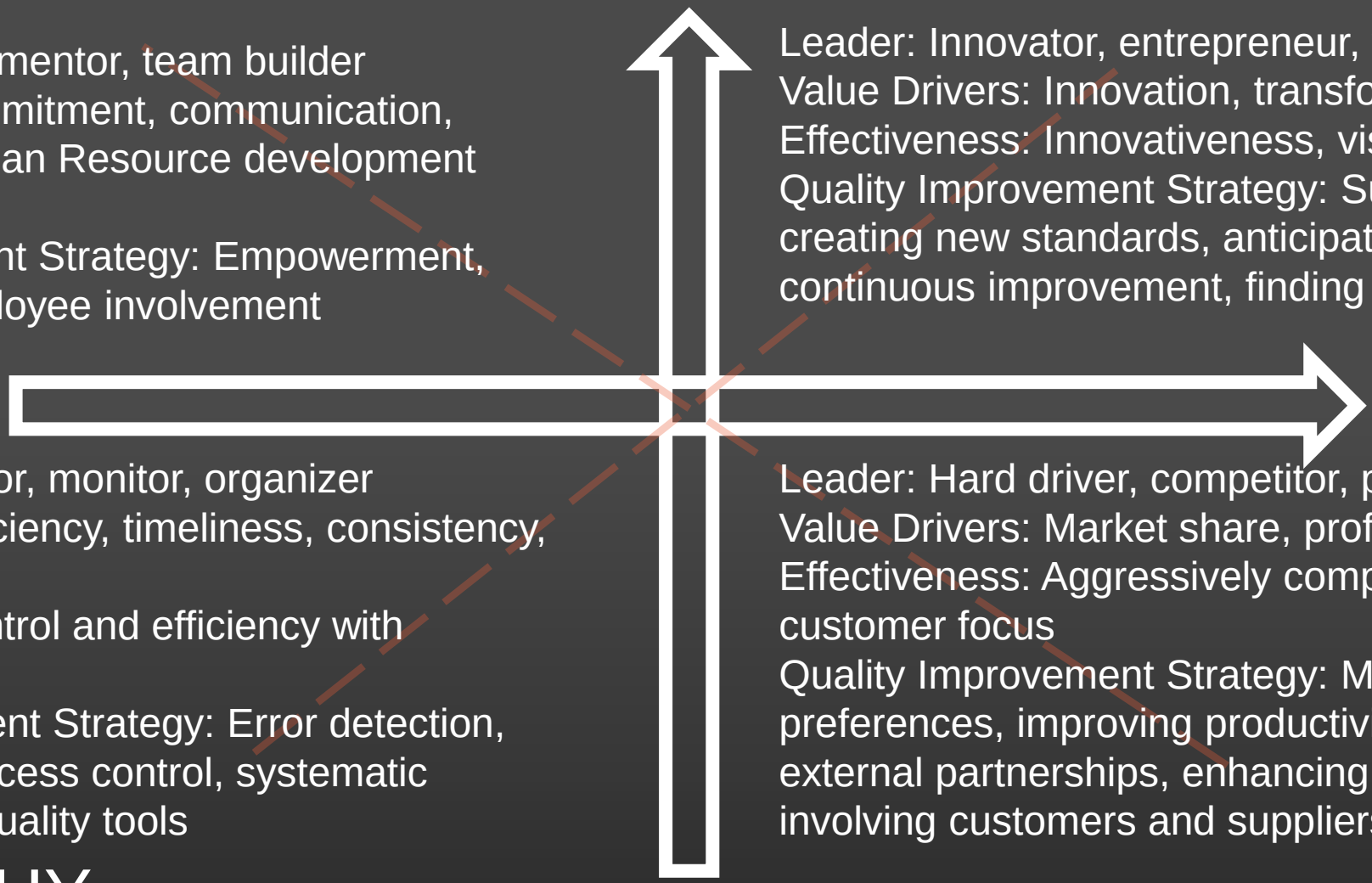
# THE FRAMEWORK

## CLAN

Leader : facilitator, mentor, team builder
Value Drivers: Commitment, communication,
Effectiveness: Human Resource development and participation
Quality Improvement Strategy: Empowerment, team building, employee involvement

## ADHOCRACY

Leader: Innovator, entrepreneur, visionary
Value Drivers: Innovation, transformation, agility
Effectiveness: Innovativeness, vision
Quality Improvement Strategy: Surprise and delight, creating new standards, anticipating needs, continuous improvement, finding creative solutions




Leader: Coordinator, monitor, organizer
Value Drivers: Efficiency, timeliness, consistency, and uniformity
Effectiveness: Control and efficiency with processes
Quality Improvement Strategy: Error detection, measurement, process control, systematic problem solving, quality tools

## HIERARCHY

Leader: Hard driver, competitor, producer
Value Drivers: Market share, profitability
Effectiveness: Aggressively competing and customer focus
Quality Improvement Strategy: Measuring client preferences, improving productivity, creating external partnerships, enhancing competiveness, involving customers and suppliers

## MARKET


Nice! But how
to measure culture?

# There’s a simple survey based assessment called OCAI:

# Organisational Culture Assessment Instrument



# HOW DOES IT WORK?

- The survey is shared with the everyone in the organisation
- It’s made by 6 questions with 4 options each
- Participants divide 100 points over a number of descriptions that correspond to the 4 culture types based on their experience
- Participants are asked to answer the questionnaire a second time, this time dividing the 100 points according to what the respondent would prefer for the future

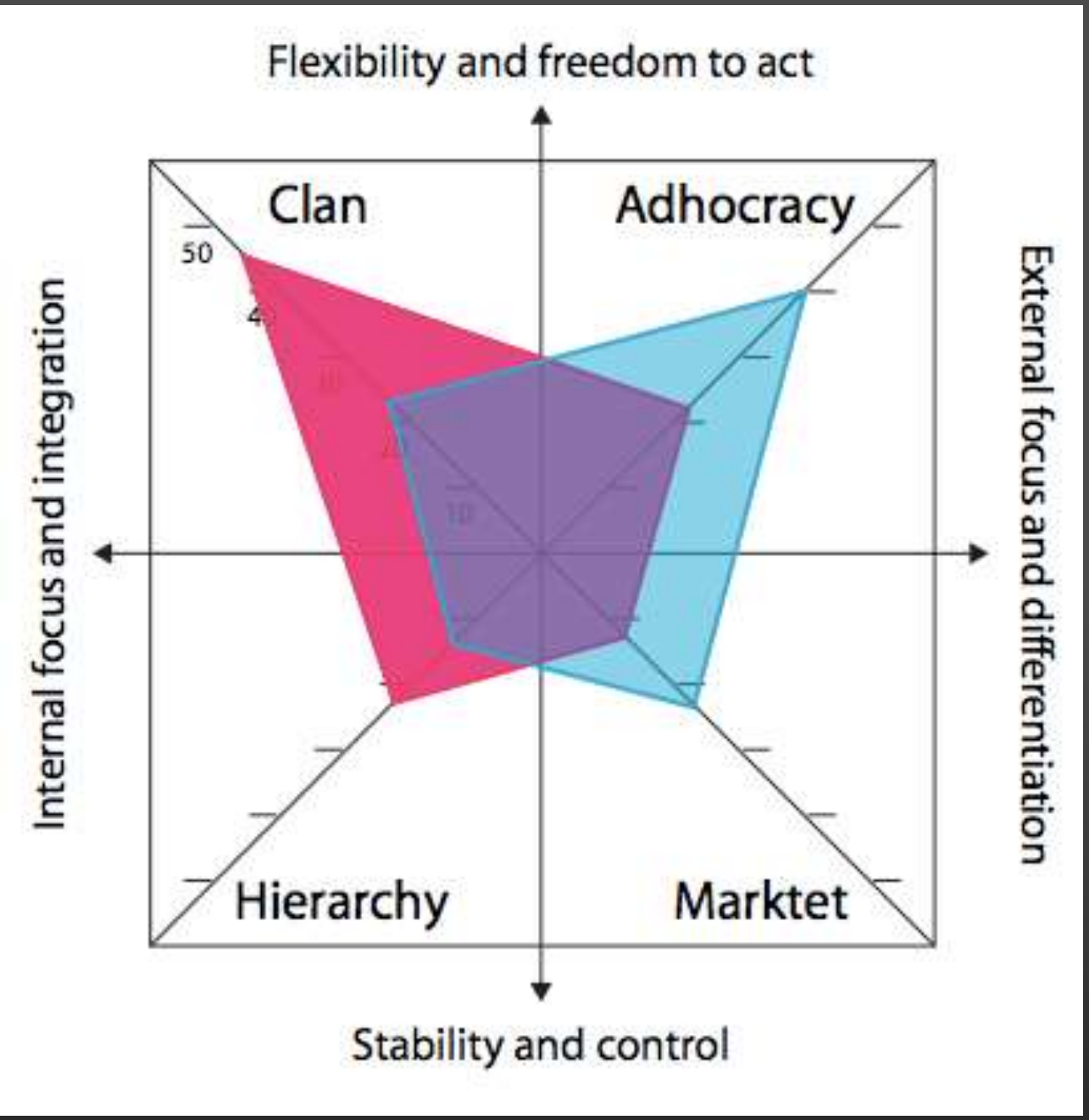




# WHAT DOES OCAI MEASURE?

The six culture aspects that are assessed in the survey, are:

- Dominant characteristics
- Organizational leadership
- Management of employees
- Organization glue
- Strategic emphases
- Criteria of success




# THE OCAI REPORT

A culture profile shows the following:

- The dominant culture
- Discrepancy between present (the fuchsia area) and preferred culture (the blue area)
- The strength of the dominant culture (the number of points awarded)
- The congruency of the six aspects (Cultural incongruence often leads to a desire to change, because different values and goals can take a lot of time and discussion)


How do we digitally transform?



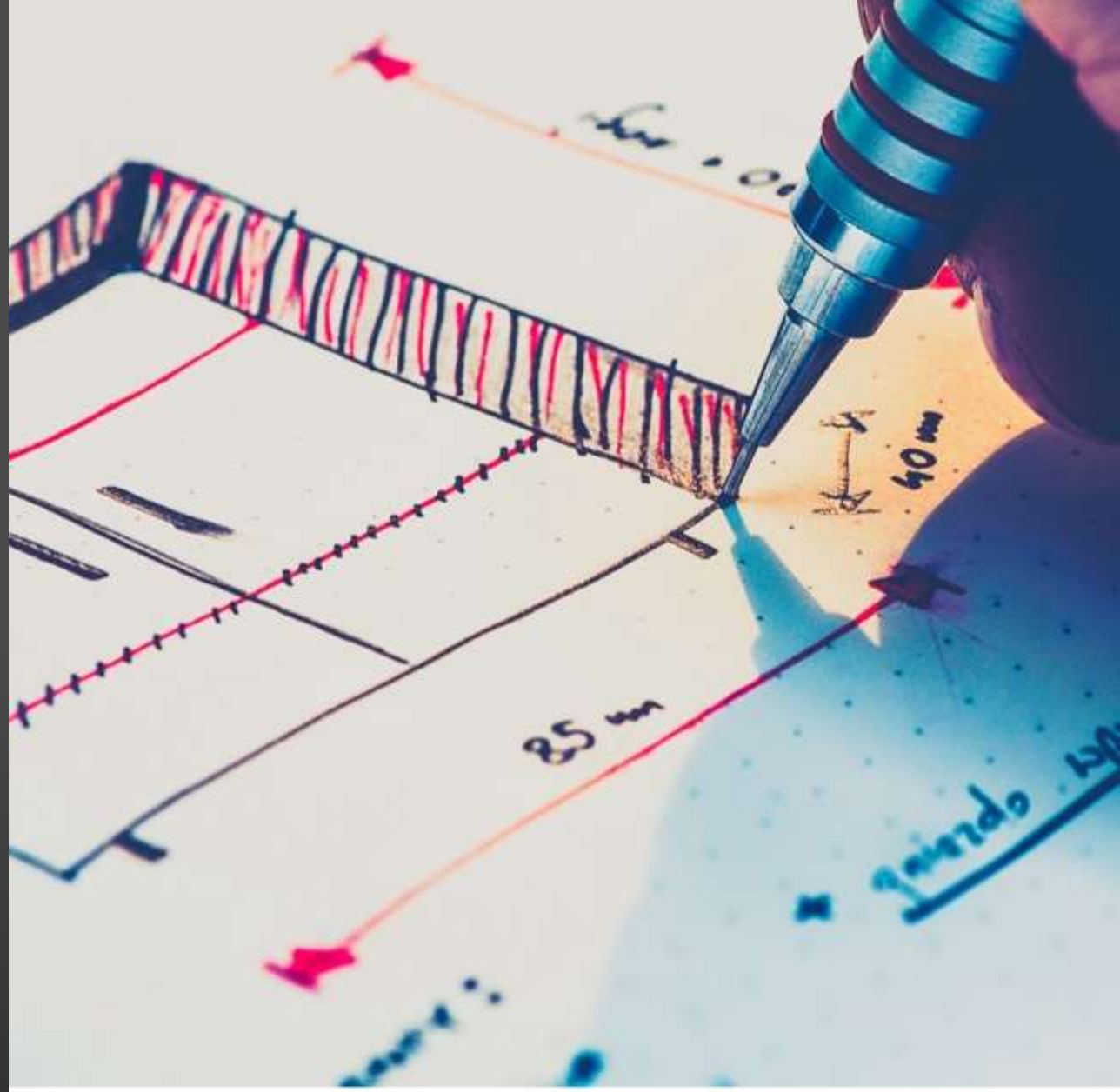

## IN A SYSTEM THINKING APPROACH

Understanding the system's nature, dynamics, and aspiration helps defining priorities and understanding the ***values*** that matter and have the biggest impact on the organisation.

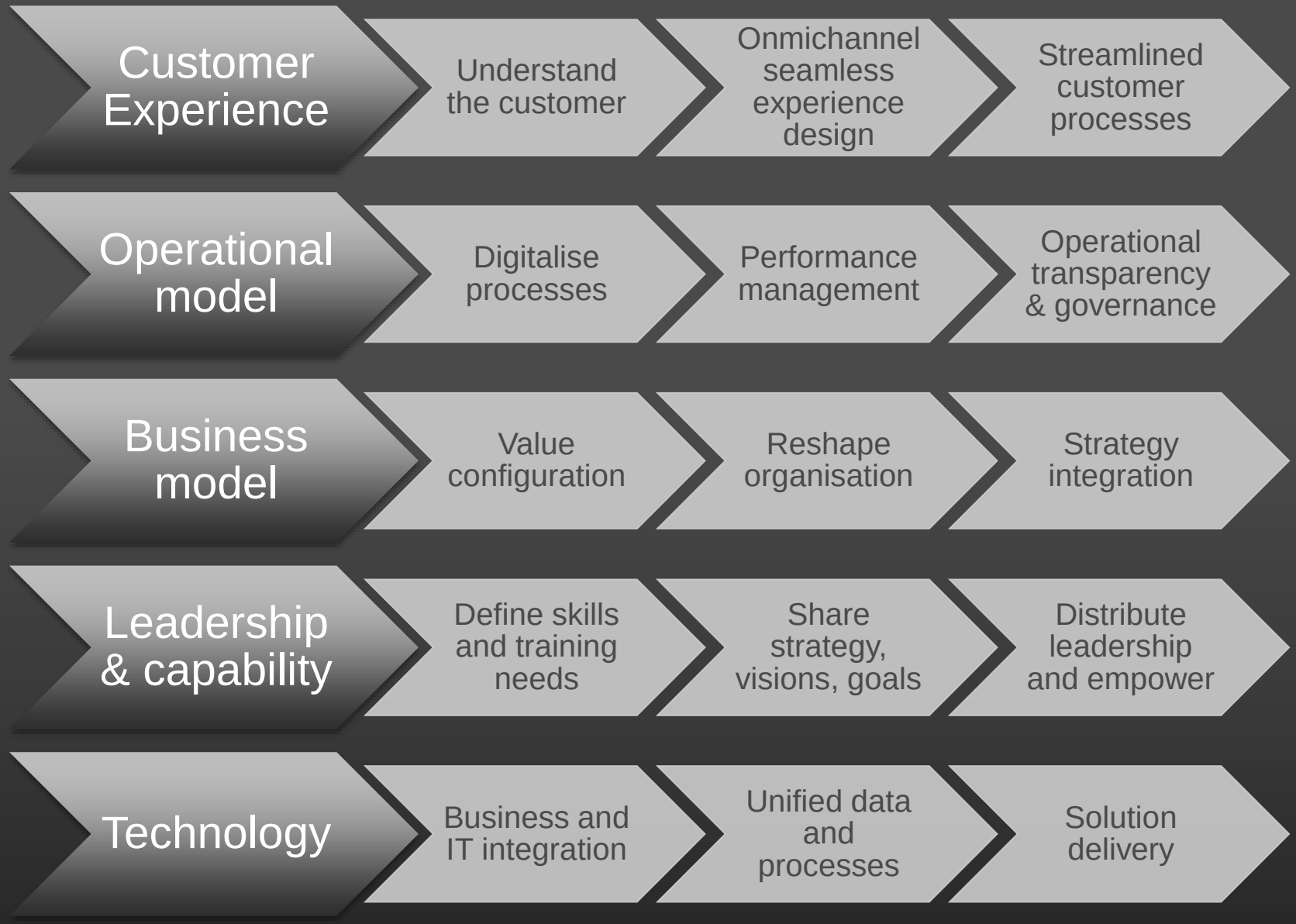
# FROM CULTURE TO TRANSFORMATION

Understanding the culture and how people experience the organisation allows us to analyse the next dimensions:

- Customer experience (the driver)
- Business model
- The organisation
- Processes
- Leadership and capabilities
- Technology & infrastructure



# THE ROADMAP TO DIGITAL TRANSFORMATION



# THE ULTIMATE GOAL OF DIGITAL TRANSFORMATION

To increase value creation for the business through digitally enhanced processes that increase internal efficiency and overall customer and employee satisfaction.



# THE KEYS TO SUCCESS

It’s a whole organisation’s activity

It requires collaboration & involvement from everyone

It’s not the work of an individual

Ensure Clarity around the goals

Experiment, be agile, be ready to fail

# Questions?




You can always reach me at @Legoviews or pat.bertini@gmail.com

# Reading List

# READING LIST 1

- Introduction: Rewriting the rules for the digital age, Deloitte 2017 https://dupress.deloitte.com/dup-us-en/focus/human-capital-trends/2017/introduction.html
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# READING LIST 2

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- Digital Darwinism: How Disruptive Technology Is Changing Business for Good, B. Solis https://www.wired.com/insights/2014/04/digital-darwinism-disruptive-technology-changing-business-good/
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- Diagnosing and Changing Organizational Culture Based on the Competing Values Framework, Kim S. Cameron, Robert E. Quinn 2011.
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