



Building your digital DNA

Digital transformation
in progress



Acknowledgements

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Foreword

Digital is an era, a stepping stone for the world enabled by the exponential use of technology such as mobile, cloud or analytics. These technologies are woven into the fabric of every business and everyday living and the increased consumer power this generates has eroded traditional product-based advantages, often forcing companies to shift to new battlefields.

“Uber” others before you are “Kodaked” first! Depending on the digital intensity of your sector and its fundamental business drivers such as customer demand or regulation, this strategic question may be more or less current. But what is current is the level of unprecedented change and the imperative to adapt organisations and talent models if not for this era, then to prepare for the next.

In this paper, we explore the three core factors organisations are considering when looking to improve their digital maturity levels – digital leadership, the structure of the digital enterprise and digital talent. We have interviewed business leaders across multiple industries, including consumer business, financial services, telecommunications, and chemicals, to understand which practices are being adopted in thriving digital businesses today. We hope that this paper and the case studies featured within it prove to be useful for organisations that are looking to enhance their digital capabilities.

Yours sincerely



Vincent Fosty,
Partner and Digital Practice Leader



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Visit www.digitalleadershub.be to assess the digital maturity of your organisation and find useful tips and guidance on leadership skills, organisational design and talent management.

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The best way to predict
the future is to create it
yourself.

Peter H. Diamandis

Introduction

Digital is the new normal

Digital is an era. Cloud computing, mobile, analytics, now followed by artificial Intelligence, the Internet of Everything, 3D printing and manufacturing, drones, genomics, ... all carry a significant potential of disruption. Some of these technologies have already transformed the way we communicate, interact, work and live. The smartphone, just to name one, has become the new everything.

Many companies today consider digital as a way to transform the customer experience across several touch points, we call it Digital Marketing. There are significant developments in this business area alone, but it is a narrow definition of digital and one that does not reflect the enterprise-wide transformation caused by digital technologies. Value chains, organisational structures, operational processes and revenue models ... there is no immunity in digital.

This can already be observed for example with 3D printing, one of the digital technologies that has the potential to revolutionise manufacturing and medical sciences as soon as it is ready for mass consumption. Whether you operate in automotive, healthcare, aerospace, defence or consumer goods, the power of innovation and manufacturing is transferred to individuals, business units and small companies who can develop, design and print a product on demand. This is a completely new reality, and it raises the essential question of how, where and by whom items will be produced in the future, and especially how manufacturers can reimagine their role to avoid becoming an obsolete part in the value chain.

Digital disruption’s impact will vary across industries

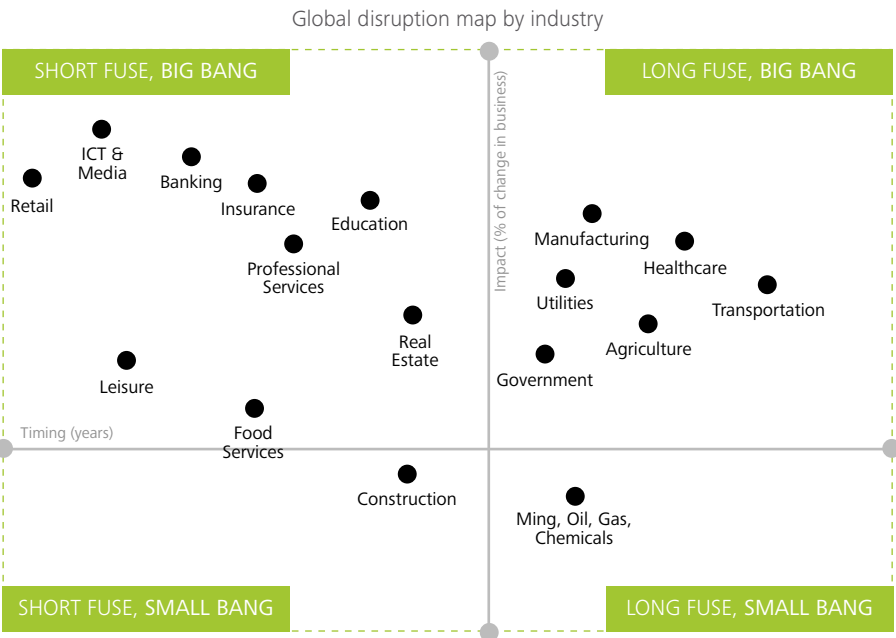
Now is the time for business leaders to answer fundamental questions such as “How will digital disruption precisely affect my industry and business?” and “How fast will it happen?” in order to secure their company’s future existence.

The extent of digital disruption is influenced by two dimensions:

- 1. The degree of the impact (expressed as a percentage of changes in business)
- 2. The timing of the impact

In the disruption map (Figure 1), these influencing factors are represented by the terminology of ‘fuse’ (timing) and ‘bang’ (impact).

Our global disruption map provides an overview of 17 clustered industries and their individual fuse/bang scenarios. Those industries facing a big bang, either with a short or long fuse, should consider digital transformation as their most vital upcoming challenge. Companies who find themselves in the category of “long fuse, big bang” will face their disruption in three to five years and therefore have more time to transform. Yet those industries with a “short fuse, big bang” have the strongest need for immediate action. These industries experience a deep impact from new technologies and digital savvy competitors who enter the market and revolutionise traditional businesses.



Organisation and people are key to tame the digital dragon

As Gartner puts it, “industries in all geographies are being radically reshaped by digital disruption – a ‘digital dragon’ that is potentially very powerful if tamed, but a destructive force if not.” Though the speed and impact of digital disruption may vary across industries, it is clear that digital transformation and constant innovation are definitively not “nice to have”, but rather “essential to survive”.

So what does it take to transform and tame the digital dragon? From our interviews with several industry and business leaders, we learned that this question has a multi-faceted answer. For example, organisations that have successfully adapted to this new environment typically make delighting the customer their #1 priority, set bold goals to achieve factors of 10x impact, and challenge the status quo by looking for new ideas to solve old industry issues and customer problems.

In this document, we decided to shed light on what all of our interviewees considered as critical success factors throughout their transformation journey: their organisation and people.

Indeed, to thrive in the digital economy, organisations need to build a structure that allows them to drive digital change and execute in an agile way.

What’s more, competing successfully in the digital age demands new skills of the workforce. For example, design is the new differentiator in digital. Establishing diverse teams that bring design thinking capabilities on top of mobile, digital and creative skills, has the potential to create an amazing impact, and even be a catalyst for the organisation’s culture.

Finally, in these times of change, leadership is more important than ever. And the required leadership capabilities have evolved as well, as digital leadership is typically more collaborative in nature.

The following sections of this paper each look at these key issue that companies are facing with respect to the organisational and people aspects of digital:

- (1) The structure of the digital enterprise
- (2) Digital talent
- (3) Digital leadership

“We had one certainty: if we didn’t manage this era well, then we would definitely not survive the next one.”

Mike Brinker, Global Practice Leader, Deloitte Digital

SECURITAS

Case study





SECURITAS

A digital and human transformation

Securitas, a provider of security solutions, finds itself in the middle of a “short fuse, big bang” scenario. Digital is drastically and rapidly impacting both its market demands and offerings, creating a true paradigm shift for the company – it is becoming digital to the core.

Indeed, the security needs of businesses and citizens are rapidly evolving, driven by new technologies, our hyper-connected lifestyle and digitally-enabled ‘new ways of working’. Increasing amounts of (personal) data are stored online, many businesses are collaborating over the cloud, electronic payments are on the rise, more ‘things’ are connected over the internet every minute – all of these represent new security challenges. And the changes in security needs are further propelled by a plethora of economic, legal, societal and demographic trends. Increasing mobility for example - Securitas estimates that in three years, 80% of the working population in Belgium will be mobile, compared to 50% today. As a result, security will need to rapidly evolve from traditional workplace security towards security for the (mobile) individual, for our homes and for communities.



In parallel, creating customer value by selling guarding hours alone will become increasingly difficult. In order to keep creating added value for their customers, while achieving cost-efficiency, Securitas has recognised the need to redefine its value propositions, integrating 'traditional' guarding services with technology solutions. This creates more room for added value services, which enhance the final customer experience. This has major implications for the company's business model, its organisation and its people.

In order to respond to the challenges of this digital era, and to survive over the next one, Securitas acknowledges that in a digital world extreme customer experience will be key. While already using and integrating technology in its value propositions, Securitas is going through both a digital and human transformation.

JOHNSON & JOHNSON



Case study





JOHNSON & JOHNSON

Digital marketing first

The digital transformation at Johnson & Johnson, one of the world's largest companies in healthcare, has mainly started with the traditional marketing function.

"The marketing function is still the main driver of our digital agenda," says Edwin Schenck, VP HR Consumer Products. "However, it is now gearing up toward many functions such as IT at large, operations, HR, ... An explicit strategic roadmap that includes Digital has been defined."

Edwin Schenck explains how the digital transformation journey started at Johnson & Johnson. "Digital marketing used to be handled bottom-up with countries developing their own practices, whilst now we have moved to a digital centre of excellence headed by a global digital lead. With a small number of top professionals we keep striving for the highest capabilities and harmonisation across EMEA. As such, we have moved toward an integrated marketing communication where digital is one of the touch points and is a critical source of customer insights."



Johnson & Johnson's key focus has been on marketing and since more recently also on e-commerce with the development of Amazon for example as an early channel for digital trade, which still contributes marginally to revenues. Some platforms or communities have an impact on both community building and some e-commerce elements. The 'pharmagenius' is considered as unique to the industry in managing communities for pharmacists and helped win market share.

Overall digital at Johnson & Johnson is driven by marketing with IT having a growing impact on the alignment of platforms to support the operations.

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The secret of all victory
lies in the organisation of
the non-obvious.

Marcus Aurelius



ORGANISATIONAL
DESIGN

The structure of a digital enterprise



VALVE



Valve is a sizable and much-studied US software company that has no hierarchy, no defined strategy and is seemingly held together by the shared philosophy and sense of responsibility of its employees.

Its 300 or so employees¹ are encouraged to determine for themselves what the best projects are to undertake, convince their colleagues of their idea then assemble teams to realise those projects. For this reason desks in Valve's offices have wheels on them so that people can physically move to the centre of the action as they see it². Valve has been around four times more productive than either Google or Apple in terms of market capitalisation per employee and as much as ten times more productive than peers in the video games industry.

Culturally open, dynamic and flexible structures built on mutual trust are the basis of the information economy and should be a long-term aspiration for many organisations.

Many of the organisations we talked to have started to adopt looser hierarchies in which responsibility sits closer to where decisions have effect – this applied to the entire organisation for some, or to specific parts of the business for others (like incubators or centres of competencies for example). By empowering their people, they are able to execute in a more agile way, and develop & try (digital) ideas in short iterative sprints – a prerequisite for continuous innovation.

Although radical structures such as those of Valve and Zappos are unlikely to work in many – or indeed, any – other organisations today, they cannot be dismissed as curiosities.

Facebook's Nicola Mendelsohn (VP EMEA), says: "The pace of change is extraordinary. We are open about what is happening to the business because it creates trust between the employees and the leadership. Trust is vital because there's rarely time to strategise or dress things up. Action just has to happen and be right enough, enough of the time."

Few would argue that Facebook hasn't created and made the most of a digital culture, but it would be a mistake for leaders of more longstanding enterprises to attempt to jump to a similar structure. The cultural shock would be far too great and ignorant of the companies' legacy. Instead successful leaders must pro-actively consider what they can learn from the organisational models being established in 'digital native' companies, and understand how they can apply similar principles ideas in their respective structures.

From our experience, organisations tend to be one of four types. This is sometimes a journey and, whilst not all organisations will benefit from realising all four phases, there is, in our view, now no argument for not having at least pro-actively considered them.

ZAPPOS

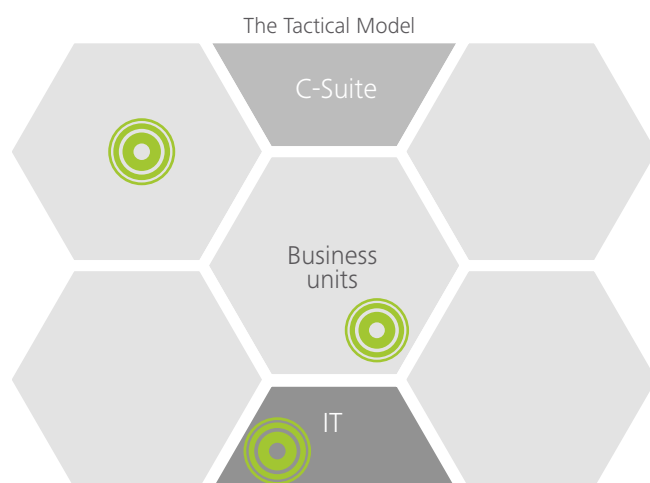


Zappos, a 1,500 employee US-based shoe retailer, is finishing its transition to a radical self-governing operating system called 'Holacracy'. In 'holacratic' organisations there are no job titles and no managers, and hierarchy is removed completely. In its place is established what is called 'holarchy'.

1. <http://blogs.seattletimes.com/briedudley/2013/11/04/a-glimpse-of-valves-steam-machine-controller-design-and-hardware-plans/>

2. <http://www.bbc.co.uk/news/technology-24205497>

The four types of digital organisations



The Tactical Model

In the Tactical Model, digital technology and ways of working are used within business units to achieve existing targets, but in an efficient and effective way. Techniques like digital marketing, the utilisation of online sales channels, and technologies that support field force mobility all create great value without the need to re-engineer the way the business works.

A challenge, however, is that these investments are often made in silos. Investments are typically large but not strategic. Digital remains at the edge of the business, its challenges and opportunities restricted to the minds of a few, and the subject treated as an exception to business as usual.

In our experience the Tactical Model is extremely common in organisations that have a stated desire to establish a digital market presence, but who have so far not articulated a coherent digital strategy. And in our view there will soon become a time, and a competitive imperative, for these organisations to move to a more strategic use of digital.

“Earlier this year, we have created a global and transversal Digital Office in order to initiate new digital experimentations and connect the different projects initiatives we had in the group.”

Fernando Birman, Head of Digital and Collaboration Office, Solvay

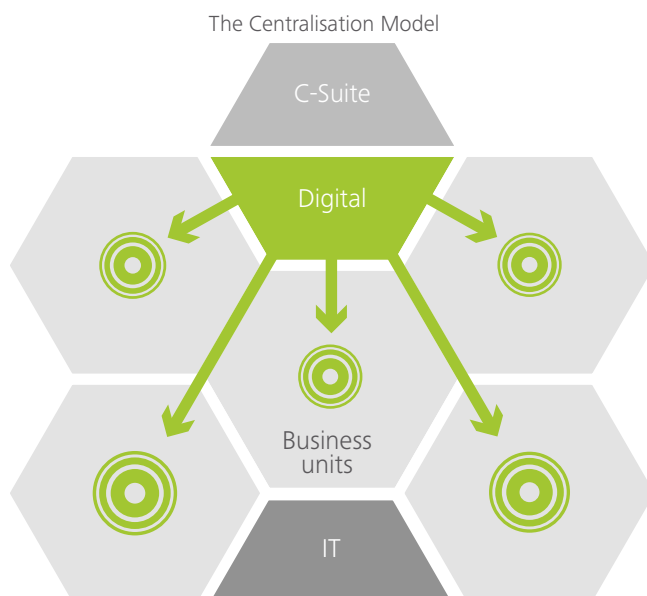
The Centralisation Model

In the Centralisation Model, digital initiatives and skills are consolidated into a central unit. This enables appropriate governance over spend on digital. It also creates a structure for turning corporate strategy into priorities for digital initiatives with the central team being able to work with the business units to implement them.

This structure enables the organisation to scan the market for ways to use digital, pollinate ideas and applications of digital between business units and deliver digital processes and technologies on behalf of the business. As with most centralised organisational approaches, it also tends to be more efficient.

This centralisation can also benefit organisations that are doing far too much in digital. Phrases like 'Skunk Works' and 'Guerrilla Units' are often used to describe the well intentioned pet projects of managers that are meant to establish innovative technologies, products and ways of working, but rarely achieve much at a strategic level. Identifying and triaging these initiatives (boost, stop, pause) is one of the first tasks of a digital team. It can also identify some great talent and ideas that can be brought into the team.

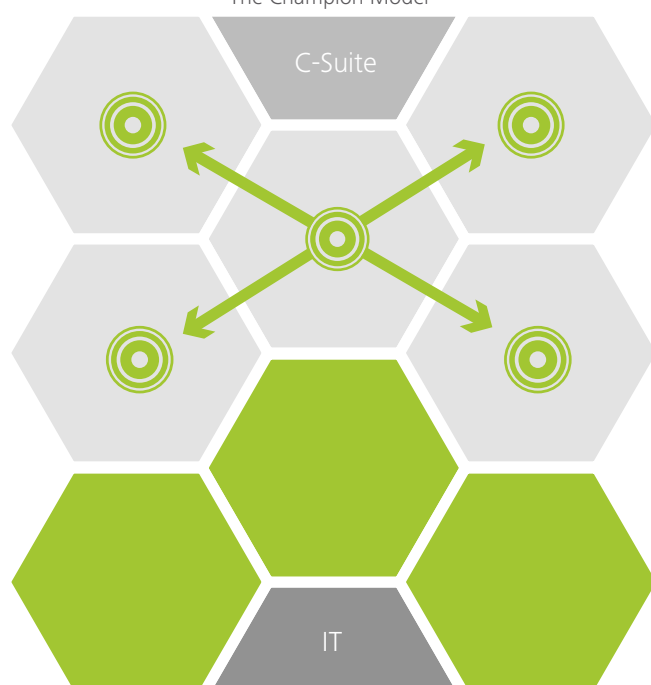
In general, the central digital team is a transient feature of the organisation that helps it gain control of investments, breaks down silos and teaches and empowers leaders to use digital techniques to transform the



organisation. In a small number of instances it could become the optimum model – for example where the role of the central team becomes a 'Digital Centre of Expertise' – but in the majority of instances responsibility for digital should be broken up and passed to the business's operational leaders.

The most common transition that we see in our clients today is between the Tactical and Centralisation Models. This looks simple on paper but the steps involved can be overwhelming as there are a vast range of management theories, business models, transformation frameworks and technologies vying for the attention of leaders.

The Champion Model



The Champion Model

In the Champion Model a digital strategy is in place and has been effectively communicated across the business. A central digital team no longer holds all responsibility for digital, and emphasis is placed on sharing knowledge, educating and enabling others in the business.

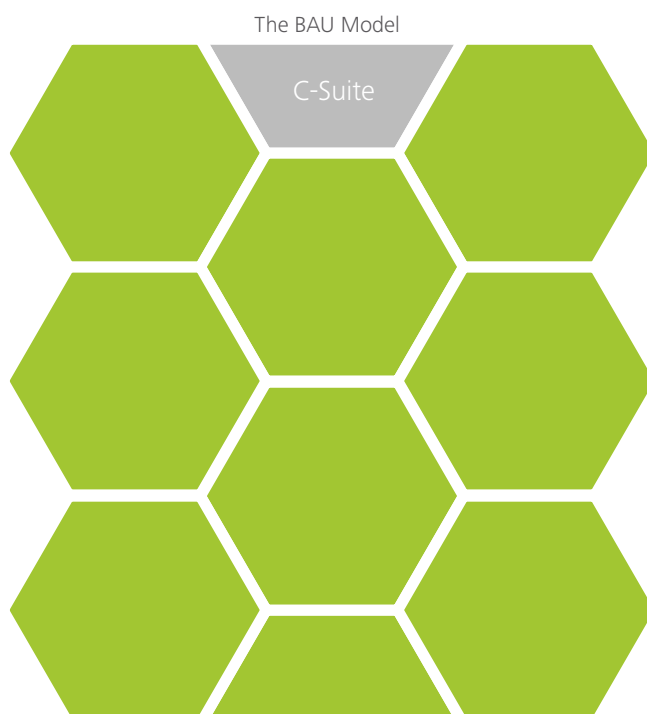
Organisations with this structure have enough openness and trust that they can focus on doing things rather than having meetings to plan how to decide how to do them. They know that leaders will support them and that everyone is pulling in roughly the same direction. The most significant enabler of this model is deep understanding amongst leadership and employees of what digital really means.

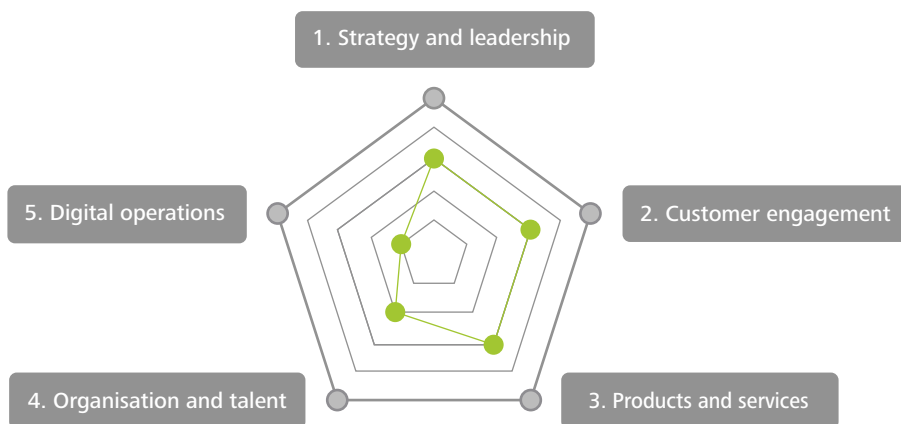
In the Champion Model, shared capabilities such as data science, innovation and rapid prototyping enable the organisation to be self-sufficient in digital techniques and ways of working without always relying on a central team. Leadership behaviours encourage ownership for outcomes to be devolved and allow people to have careers that see them continually learn and adapt.

The Business As Usual (BAU) Model

In the BAU Model, digital culture, processes, business models and technology are no longer unusual, but are fully embedded in daily working life. The business is flexible and responsive to change at all levels.

There is no longer a need for a centralised function and those working on initiatives and with specific digital skills re-join business units. Teams form and disband dynamically based on business need. The business now behaves like a digital organisation.





The example organisation shown above in green is typical in that it has succeeded in creating some successful digital products and services but delivers them in a traditional hierarchical way. Although this is fine in the short term, in the majority of cases it will not be sustainable in the long term as the rate of innovation and change continues to increase, and new digital competitors enter traditional marketplaces. Assess your organisation on the Digital Maturity Model at www.digitalleadershub.be

How to measure your digital readiness

At the risk of adding another framework into the mix, we use a simple diagnostic to help leaders understand the gaps between an organisation's current state and what is needed to make digital into a strategic capability. To use this framework, think about the state of digital in your organisation in five areas:

- 1. Strategy and leadership:** do we have the right vision and strategy for digital, and the leadership, communications and focus required to support this vision?
- 2. Customer engagement:** do we have the right approach to understanding and communicating with our customers to succeed in a digital environment?
- 3. Products and services:** do we have the right products and services, and the ability to develop, manage and provide them effectively?
- 4. Organisation and talent:** do we have the right people, talent, skills and knowledge to support our vision, products, and services?

- 5. Digital operations:** do we have the right processes, controls and digital technologies to support the operations of the organisation?

It is important to note that this Digital Maturity Model is a diagnostic, not a benchmark. Organisations should not seek to be leaders in every aspect of digital business, but instead focus on those that are most fundamental to delivering their long-term strategy³. Becoming a BAU Model business is likely to be the long-term goal, but it is not necessarily the only one.

Fifteen years ago, online travel portals, financial service price aggregators, peer-to-peer lending organisations and subscription-based entertainment companies did not exist. In the next fifteen years, it is not inconceivable that the companies in these spaces, utilising low cost bases and their ability to engage more intimately with customers, will have overtaken or even replaced traditional businesses that do not adapt their operating models to the digital world.

3. Our Digital Maturity Model diagnostic uses a combination of online surveys and interviews to assess maturity across the organisation in a more quantitative way than described here; however this five-point structure is a useful starting point for executives.

Case study





BARCO

Innovation on the edge

Challenged by increasingly commoditising products, visualisation provider Barco has recognised the need for innovation on the edge, and to transform from a specialised equipment manufacturer to a solutions provider: the company is now growing beyond visualisation into networking and collaboration.

Danny Sergeant, VP Business Development, explains the importance of building an organisational structure that cherishes and encourages entrepreneurship. “The main enablers for innovation at Barco are the incubators. These incubators are small start-ups that break out of the ‘traditional business’ to develop new business or technology solutions. Through the incubators, employees have the opportunity to explore, research and develop new ideas by trial and error. They have a larger degree of autonomy, but still maintain ties with the ‘traditional business’ and benefit from the credibility of the Barco brand. What counts for them are business plan milestones, not so much short term financial milestones like cash flow or profits.”



MEDIA MARKT

Case study





MEDIA MARKT

Multichannel first but people are key

Media Markt-Saturn, Europe's number one consumer electronics retailer, has a much decentralised corporate structure. Each Media Markt store is an independent company of which each local manager holds a stake of up to ten percent of equity, driving a high level of service orientation and fostering entrepreneurship.

"When embarking on our digital transformation journey, through the launch of our online store in the Belux market in 2013, this was an important factor to take into account", says Philippe Depautex, Director e-Commerce and Omni-Channel Retail. "It was a conscious decision to fully embed the online store within the sales organisation, and consider it as if it was another physical store – in Belgium we have 24 brick-and-mortar stores and 1 online store. In order to increase transparency of results, encourage knowledge sharing and drive buy-in and acceptance of the store managers, we emphasised this close link. We collaborated closely with the different stores, e.g. through regular in-store visits of the digital team, and incorporated their feedback and suggestions, which allowed us to provide the same customer experience as in-store and also create added value for both customers and stores. The pick-up-in-store option on our online store is just one example of that."



Philippe illustrates the importance of including the core business and emphasising coherence for multichannel success: “We created a monthly multichannel steerco which consists of a small group of top store managers and some representatives of the digital team. Within this body, which has executive support, we are able to have very constructive and impactful discussions, make decisions fast and foster ownership.”

BARRY CALLEBAUT

Case study





BARRY CALLEBAUT

A 'glocal' digital model

The Barry Callebaut Group is the world's leading manufacturer of high-quality chocolate and cocoa products and behind the leading global gourmet brands Callebaut® and Cacao Barry®. The company is recognised as the reference for innovation in the chocolate market, providing a comprehensive range of chocolates and services in the fields of product development, processing, training and marketing.

"The main objective of our digital efforts is to create customer intimacy through digital excellence", says Pascale Meulemeester, Vice President of Global Gourmet & Marketing. "We start focusing more on personalising the customer experience through the use of data."

"Initially, digital initiatives were very much centralised, i.e., consolidated into a central unit. However, we soon noticed that this led to a rather slow and unwieldy way of working, with a lack of engagement and anxiety or fear to make it happen as a result. That is why we decided to rethink our digital organisational model, and performed a digital audit to steer and optimise our digital activities and strategy. More specifically, we considered it to be important to have the right balance between central and local. We are in the process of creating one global digital team, responsible for setting out the digital strategy and putting a transparent set of metrics and KPIs in place, but making sure the strategy is implemented locally and we build effectiveness around the world.



The appointment of a Global Digital Communication Director, who reports directly to me, is a major step forward.” It sounds simple, but as Pascale Meulemeester says: “This person really needed to have a particular set of skills. Specifically, we wanted this person to have a solid knowledge of communication, be able to collaborate, influence and unite people working across different functions, have excellent technical competencies, act as a change agent and articulate the digital vision with passion throughout the organisation.”

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The people who are crazy enough to think they can change the world are the ones who do.

Steve Jobs

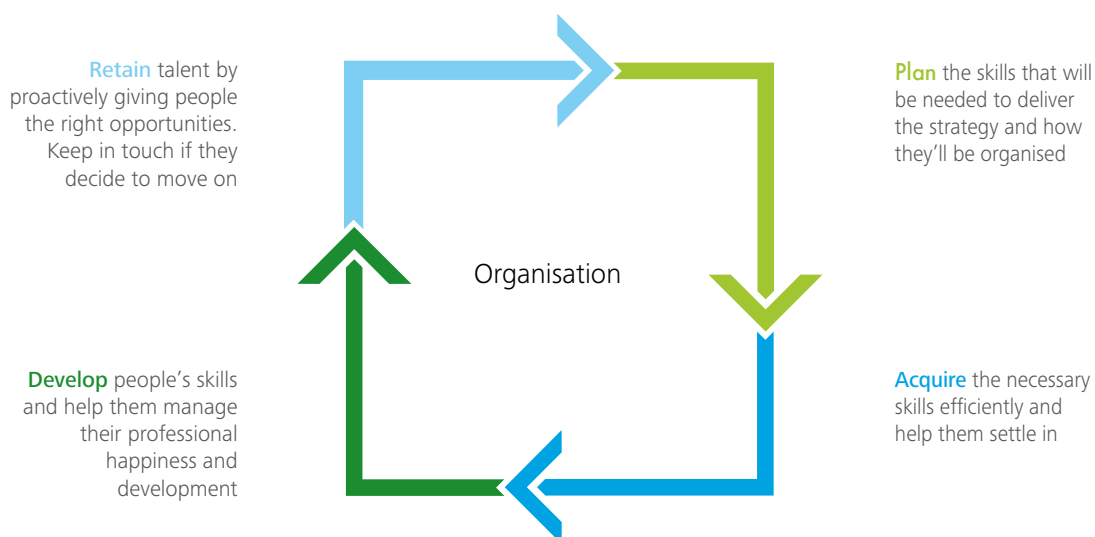


TALENT

Managing the digital talent lifecycle



The talent cycle in digital organisations



As organisations focus on building a structure to drive digital change, they must not forget their people.

Indeed, today's digital world demands new skills of the workforce. Planning these skills is essential, but complicated. So is the simultaneous need to locate the right sort of people to bring new skills into the evolving organisational context and help existing employees gain digital economy skills. Organisations must create and execute a plan to grow a base of great digital talent.

As with most parts of the business world, talent management in a digital environment is a learning, iterative process based on objective measurement of skills, suitability and performance. That is not to say that algorithms replace empathy, just that human beings are directed to the points in talent management that are required.



Talent planning

Planning is a crucial and ongoing part of the talent management process but it should not become an academic exercise. At the outset, the talent strategy should address the skills and capability gaps revealed by assessing what currently exists and what is needed now and in the future. This does not come naturally to many digital natives but is a lesson that can be learnt from successful corporates.

A key part of this planning process is to establish outcome-based measures that align the talent strategy to the digital strategy. Many organisations also identify critical workforce segments that will drive a disproportionate percentage of the revenue growth and focus their talent management activities on these roles.

It is also fundamental to get the design of work right. Too often organisations solve new problems in the same old way – hire a permanent member of staff, bring in a contractor, buy a consultancy project. This is old-fashioned thinking. The digital world and the Open Talent Economy Continuum where there is an unrestricted flow of people, borderless workplaces and fewer ties keeping employees from walking out the door, is challenging core assumptions about the design and allocation of work. Many organisations now plan their talent activities around a wider, open network and people who 'work' for you may not be employees or even contractors.

“We are trying to find the right balance between hiring on payroll and working with digital talent outside Telenet – that is also the digital way!”

Inge Smidts, Senior VP Residential Marketing, Telenet



	Balance sheet talent	Partnership talent	Borrowed talent	Freelance talent	Open source talent
What is it?	Statutory employees of your organisation. You bear all the carrying costs of these employees.	Employees that are part of a partnership or joint venture that are on a related balance sheet.	Employees who are part of your value chain or ecosystem but who reside on someone else's balance sheet.	Independent workers you hire for specific but temporary projects.	People who provide services for you for free, either independently or part of a community.
Useful for					
Who's doing it?	<ul style="list-style-type: none">• Large global organisations.• Various industries focussed on consistent delivery from hourly labour.	<ul style="list-style-type: none">• Joint ventures.• Strategic alliances.	<ul style="list-style-type: none">• Staffing agencies.• Consulting firms.	<ul style="list-style-type: none">• Independent contractors.• Individual business owners.	<ul style="list-style-type: none">• Community boards on a specific topic.• Innovation contests for customers.• Product/service user communities.

The message here is not to just assemble your talent plan in the way you have in the past, but to consider it as part of a wider change in the way the organisation is responding to digital.



Talent acquisition

The talent plan will no doubt highlight areas where new skills and capabilities are needed in the organisation. Although it is sensible to believe that people already in the business can be retrained into new roles, this is a process that takes time and effort to accomplish, even if new techniques reduce the cost and increase the efficacy of talent development.

It is therefore likely to be necessary to identify and attract new people into the organisation at a number of levels.

In our experience traditional employers tend to experience similar issues when it comes to recruiting digital talent. There is poor awareness of the organisation as an employer amongst the target group. This is often linked to a lack of understanding of what the organisation would be like to work for and cynicism about its attractiveness. It is sad but true that many traditional organisations are regarded as stifling and 'uncool' by the best talent and the recruitment websites of those companies do little to dissuade them of that fact.

These issues are compounded by a lack of reach on the kind of online platforms that digital talent uses to search for jobs and a lack of physical presence in the areas where it works today or wishes to work in the future. There are, however, a number of steps organisations can take to respond to these challenges.

Understand digital talent

Take the time to understand the talent that you are trying to recruit by thinking of them in the same way that a marketing team would think about a customer segment. In doing so, list out the story that you want to present to a new recruit that highlights the skills and what you will have to do for them in order to make a role attractive. This takes more time than writing out a job description, but after thinking about a few roles in this way you will likely find that new archetypes develop for digital talent.

Tell your story socially

One of the key principles of acquisition in this market is to bring the employer's story to the potential recruit in their preferred channel and context. This means, for example, engaging on social media other than LinkedIn. LinkedIn is a beautiful tool for general recruitment but even in a well-developed digital market fewer than half of degree-level educated people are members. LinkedIn is certainly part of the solution, but so are Facebook, Twitter and Instagram. Each plays a role in creating a coherent story about your organisation to potential joiners.

Don't forget your website

Create a branded website that is as user designed and well thought out as the one you use to serve your customers. Doing this will expand the top of the funnel for candidates and help to attract those with scarcer skills. In addition, whilst it won't directly help you filter out those who don't share your cultural values, it can offer candidates an opportunity to do a digital test drive on your organisation and determine for themselves how they would fit in.



“Digital will definitely be part of our HR strategy going forward. We launched our first HR App. There is a strong willingness to shift the approach for talent acquisition towards more digital tools.”

Caroline Huart, Head Talent Acquisition & Development, ING Belgium

Think outside the classroom

Although executive search firms can alleviate some concerns over fit at the top end of the market, the same is not necessarily true with less experienced hires. Basing decisions purely on education background or ability to write down their experience is an extremely crude way of basing decisions on who to interview and who to ultimately hire.

It is for this reason that start-ups such as Gild, Knack and Saberr have entered the market. These organisations offer Big Data solutions that enable businesses to use social network profiling, video games and psychometric testing respectively to further establish the credentials and experience of candidates and whether they will fit into a team.

Although these tools cannot replace the traditional discipline of interviewing, they offer a scientific basis for filtering candidates, particularly when the skills, background and outlook of people with the skills you are looking for are very different from your own. Cultural fit is vital, but it is not always indicated by how someone dresses or what school they went to.

Invest in academies

In the event that the type of skills you are after are extremely scarce, for example data scientists or mobile developers, consider establishing an academy to train or retrain people from graduate level or within your organisation. Although expensive this kind of scheme may also serve to make you a more attractive employer. Partnering with academic institutions to develop niche skill sets is also worth consideration as this will ensure a healthy, long-term talent pipeline.

Acquire talent en masse

Consider whether there are any acquisition targets that would give you a ready-made team and leadership structure. Although there are pitfalls to this ‘mass talent acquisition’ approach – it can be relatively expensive on a per employee basis and cultural fit can be hard on both sides of the acquisition – it does put in a fully functioning digital team in a matter of a few months, potentially also making the most of existing staff. Indeed, in a world of accelerated change, attempting to build digital capability organically is often not a viable option. We at Deloitte started the digital transformation of our global consulting business with the acquisition of Übermind in the US to gain immediate traction before growing organically and through further acquisitions in other parts of the world.



Talent development

Bringing in new skills is a small part of managing digital talent: making the most of what you have already is far more important. People already in your organisation have great experience about what makes it tick. The digital economy may be distinctly terrifying for them – change in itself is difficult to cope with – but as this type of change only happens once in several generations, you need to consider what support your people need.

Define the employee journey

Before doing anything else, define the journey for employees. Explain the reasons why the business must change the way it does things and make a commitment to them to help them adapt to the new environment in which they are operating. Openness and clarity of shared purpose are fundamental to new behaviours and leaders must exemplify them.

With this done the hard yards of changing years, even decades, of learned behaviour begins by building digital literacy and removing the current barriers to adoption of new working practices.

The latter are often technology-related as a lack of effective hardware and software (particularly collaboration and unified communications tools) prevent the adoption of new ways of working and give people an excuse not to change.

Deliver learning digitally

Although it may sound obvious, digital learning needs to be delivered digitally. Classroom learning and heavily-led courses that are not designed for the audience are not the right way to get across a culture of rapid take-up, customisation and personalisation.

Different people learn in different ways and it is no longer acceptable to create cumbersome 'one-size-fits-all' courses. Instead take inspiration from organisations such as McDonalds, which delivers learning to young employees using bite-sized lessons delivered to mobile phones, perfectly designed for their young workforce⁴.

Learn from Digital Natives

Another source of learning often mentioned by the companies researched is the digital eco-system: incubators, accelerators, innovation centres, corporate ventures, startups and entrepreneurs, ... regular conversation with these players brings a wealth of knowledge and truly helps challenge the status quo in more established organisations. Some of the companies we met provide a time allowance to their teams to spend time outside the company and hold these meetings, raising their own profiles by the same token.

Measure the outputs

As with everything digital, all of these new learning methods must be measured. Not by the number attendees at a course but by output measures such as increased use of collaboration tools and reduced calls to internal support functions. Analysing training then identifying and replicating successful training experiences increases the chances of new ways of working being adopted within an organisation. Employees are people, after all.

4. <http://www.damedia.com/articles/5643-mcdonalds-making-learning-personal>



Retention

You've developed a great talent plan, gone to market effectively and brought in exciting new people to complement your digitally re-skilled workforce; it's inevitable that your competitors, even your partners will start to circle around those amazing people you've invested so much in. So how do you keep them?

Part of the battle is to make sure that your workplace is the best it can be for them. It's easy to say, but lack of strategic alignment in leadership tends to encourage managers to keep a tight grip on their best people and prevent them from moving around the business to gain new skills and ascend the enterprise.

New challenges are part of the retention plan, as is a really exciting workspace. You can also think about tailoring and differentiating reward packages, career pathways and development opportunities can also be a way to appeal to different groups of employees. Bloomberg recently revamped their global mobility operations to better assist employees in searching for and undergoing international assignments. Exploring work life balance options is another potential route to adopt. Pfizer pursued this through developing a function that completes transactional activities for key employee groups in order to free up time to focus on high value activities, and as such improving job satisfaction and work life balance.

But fundamentally people do move on. The best digital companies embrace the fact that they are right for their people at certain points in their lives and not at others. Rather than force square pegs into round holes, be excited about the possibility of bringing in new blood to refresh an existing position and use digital to keep in touch with people who leave. They may well be partners in the future. They may even come back when your needs and their lives align again.

Case study





DELOITTE DIGITAL

From the edge to the core ... Digital is the new normal

Four years ago, recognising the convergence of disruptive technologies and the likely impact on business and society as a whole, Deloitte made a bold move and acquired a number of sizeable businesses focused on mobile, analytics and cloud services with a view to incubate these capabilities on the edge of its consulting business.

“The implications of augmenting our core capabilities through acquisition were complex” says Mike Brinker, Global Practice Leader for Deloitte Digital. “From the talent model, the go-to-market approaches, performance measurement, even IT, ... everything in our operating model had to be adapted, iteratively”.

Deloitte Consulting branded its Digital agency services under a single, globally managed identity: Deloitte Digital. Through a series of further acquisitions and organic build up in its member firms globally, Deloitte Digital now operates across 20 geographies, counts 5000+ professionals, providing the consulting firm with a scalable platform to bring digital transformation into the core of its service offerings.



On the specific theme of talent management, Brinker insists on a few very important practices that lead to the success of Deloitte Digital in a fairly short timeframe:

- Anchor talent: as you build up teams with new capabilities and somewhat distant from the core, hire the senior talent first and build the team around the leaders
- Be inclusive with those in the core: raise awareness amongst the teams that work in the core business, keep them engaged, continue to value their contributions, and build bridges between the teams.

The success of the Deloitte Digital transformation has also recently been recognised by the industry analysts.

Case study





BELFIUS

The war for talent

Digital transformation is currently at the top of the banking industries' agenda. Considered as one of Belgium's leading banks when it comes to digital, Belfius Bank is extremely committed to providing their customers with an excellent service in an increasingly digital-driven society.

"The industry is searching for better ways to interact directly with today's consumers, who increasingly demand and expect anytime, anywhere service as well as personalised buying suggestions or offerings," says Dirk Vanderschrick, Head of retail and commercial banking. "The rise in digital touch points to consumers makes it easier to generate and collect data on customer preferences and mine that data for deeper insights that can turn information into action. At the same time, this renewed focus is coinciding with a dramatic rise in the need to recruit, integrate and retain new skillsets, i.e., talents in data analytics – with competition in the recruitment market being increasingly intense."

Summing up the requirements for new talent, Dirk Vanderschrick argues "We need young people who are strongly motivated by figures and data. Moreover, this new generation of employees should be equipped with strong emotional and communication skills, as they need to be able to expand their digital skills to other parts of the organisation. The talent gaps we are experiencing in the banking industry, however, are being mirrored strongly in many other sectors – which makes it difficult to attract the right profiles. Attracting young employees will nevertheless be vital in order to prepare our bank for the long-term future



and to better understand the needs of generation Y and C. Starting from that belief, we have – amongst other initiatives – composed an independent board of 6 young brilliant individuals entrusted with the task of critically reviewing and challenging our digital strategy. Our management board is committed to taking the challenges raised by this group of individuals very seriously.”

“A second challenge”, says Olivier Onclin, COO, “is to establish a company-wide communication culture that is open to dialog, innovation and diversity. In an industry as heavily regulated and risk averse as banking and insurance however, this new mind-set does not come easily. Many of our current employees have 20 or 30 years of experience, and have always worked the way we have told them to do. However, we actively invest in convincing our workforce of the added value of new digital initiatives, and how the digitalisation of the business processes is vitally important for safeguarding our future financial success. In this entire journey, we consider HR as an essential partner, not merely a support department, in our efforts to translate the business and digital strategy for the people.”

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Management is doing things right; leadership is doing the right things.

Peter F. Drucker



LEADERSHIP

Digital leadership



So what is the role of leadership in this new world?

In fact, do we even need leaders at all?

It is fashionable to believe that the businesses of the future will be flatocracies: organisations without hierarchy that operate effectively through shared purpose and values rather than through the vision and orders of leaders. This is a fantasy world that takes no account of the psychology of human beings or of their unique skills and experiences.

Leadership is in fact more important in times of change than at any other, but its nature has perhaps changed somewhat to take into account the more collaborative nature of the digital workplace. Even in a relatively flat structure like Facebook's, everyone knows who their manager is and what to expect from that person.

You do still have to lead

Set a vision

The leader must set a vision for the future by explaining the strategic course of the wider organisation, listening to the views of the team around them and then simply explaining the plan for the coming years.

Clarify the team roles

There should be some things that the entire team is responsible for – these should be outcomes rather than processes – but each person should understand what their particular purpose is and what success looks like. If done well this avoids conflict and once again encourages collaboration.

Advise, don't dictate

The leader's role in a team is to act as counsel and advisor rather than dictator. They should use their network and influence to smooth progress and negotiate with other leaders to remove barriers that their team cannot break down. This is how hierarchy can favour action and collaboration in a real organisation.

Make roles fluid

It is important for leaders at all levels to ensure that roles are not static for too long and they must give their people the opportunity to keep developing.

Be prepared to refresh the team by letting people whose needs are best served by moving on to another area of the business move on and bringing in new blood to take over ownership of their outcomes.

Keep focused on outcomes

Leaders must keep their teams focused on outcomes, support and reinforce their people in taking ownership and be a role model that focuses attention on business strategy. The attitude 'done is better than perfect' employed by Facebook is also a great mantra for digital leaders in all organisations.

All this often means that leaders must be prepared to do the difficult things, such as giving aspects of their job to colleagues in other teams or letting vital employees move to other teams. In turn leaders should support their teams when they behave in this way and they should incentivise them to do so through objectives that promote the corporate strategic outcomes rather than those of their silo.



Characteristics of a (good) digital leader

The digital revolution not only opens up new opportunities for how organisations arrange work and structure themselves, but it also leads to new ways of working and leading high performing teams. Though some traditional leadership capabilities still remain critical to successfully lead in the digital era (e.g. creating and communicating a clear vision, motivating and empowering others, etc.), there are also new requirements for leaders at all levels of the organisation. These demand a dynamic combination of a new mindset and behaviours, digital knowledge and skills that are critical to lead teams in the digital era.

Be smart and mobile

The digital leader is hyper-connected and always 'on the go'. A digital-savvy professional capitalises the opportunities new technologies bring to the business as well as to the team.

Provide real-time interactive feedback and use social and mobile platforms to engage with the team

The digital leader provides real-time interactive feedback and coaching to its savvy tech team of Millennials as they understand that the digital savvy workforce are used to socialising and interacting via new technologies and social networks.

Allow failure to happen

Whilst the fear of failure is still well registered in our European DNA, digital organisations recognise the need to fail quickly – a fundamental principle of design thinking. Allowing failure to happen at the workplace takes a lot of change management and links back to our structure discussions earlier in this report. Creating the conditions for agile innovations and experimentation is key.

Thrive on working in a networked, matrix environment

The digital leader quickly develops a network within and beyond this area of competency, successfully operating across silos and within cross-functional teams.

Foster a culture of knowledge and content e-sharing and role model values such as integrity, openness and transparency

The digital leader understands the importance of creating a culture of knowledge sharing and continuously shares relevant content and stories with the team. They become a role model in values such as openness, integrity and honesty which become key to preserve corporate reputation in a more digitalised and transparent world.

Create a personal following

As the power shifts to the digital knowledge workers, organisations flatten and boundaries blur, the digital leaders needs to create individual loyalty and engagement by considering and accommodating employees' individual requirements and interests. This enables a self-directed, empowered and agile workforce.

Leverage on 'T-shaped' talent to create diversity in high-performing teams

The digital leader recruits and develops a diverse talent group that has deep functional expertise and a set of broad, generalists skills, creating a flexible and dynamic high performing team.

Drive decision-making based on analytics

The digital leader has the ability to make informed decisions on strategic issues based on data-driven insights.

Be flexible, adaptable and collaborative

(cross-generational, cross-functional and cross-organisation). Coupled with these attributes, strong conceptual and strategic thinking capabilities, and the ability to foresee unprecedented change and adapt accordingly still remain critical to leaders in the digital era.



Leadership at all levels

As digital impacts the entire organisation it requires effective leadership at all levels to drive the digital strategy going forward. Until now, most organisations have relied on 'mass talent acquisition' to secure leaders with the necessary digital capabilities. However, as digital expands across the organisation and the 'war for talent' continues, organisations need to consider a more structured approach to building a healthy leadership pipeline with the necessary capabilities to lead in the digital era.

They can do this by placing potential leaders in positions that stretch them beyond their current competencies and skills, to coach them and support them on building new digital capabilities as rapidly as possible. Maybe one day in the future everyone in every organisation will be a leader, but for now the traditional practice of leadership remains as vital as it ever was.

“At Johnson & Johnson, Digital is definitely accelerating more central thinking and structuring.”

Edwin Schenck, VP HR Consumer Products, Johnson & Johnson



Case study





PROXIMUS

A 360° transformation

Proximus, the largest telecommunications service provider in Belgium, recently launched a number of programmes to accelerate its digital transformation.

Fatima Dqaïchi, Director Customer Centricity Program, explains that a vision has been developed and translated into a 3-year digital roadmap. “The main objective is to have a better and common understanding of what a digital transformation really means for the company, with an important focus on customer centricity in order to fulfil the brand promise, ‘infinitely close’.”

Digital transformation is not an option, so Proximus decided to set up a 360° transformation combining several complementary initiatives. “The Executive Committee members went to Silicon Valley to get inspired about digital and what it brings to organisations,” explains Fatima Dqaïchi.

Sébastien Scarmure, Head of Digital Transformation, explains the importance to have this top-down inspiration to foster a digital mindset in the company. “Digital will be a major driver of efficiency gains, so it is important to have it at the top of the agenda.”



The importance of a bottom-up approach is in turn emphasised by Geert Kelchtermans, Director e-Transformation. “The digital competencies should also be created from the bottom with a mix of new digital native hires and encouraging existing employees to develop these capabilities. Going forward, our HR and talent management policies should be adapted to these new profiles in order to make the company attractive.”



Case study





AB INBEV

Having senior leaders on board

Today's consumers – and millennials in particular - expect brands to engage with them in a more differentiated and personal style than ever before. To connect with these consumers, multinational beverage and brewing company AB InBev is increasingly using digital and social media.

Andy Logan, Director Consumer Connections in Europe, explains how the company is allocating more marketing resources to digital activation, and how the company's senior leadership and culture play a vital role in this.

"Our culture is quite 'agile'", he says, "When decisions are made, things get done. The leadership collectively has embraced digital and embraced its importance, which led to investments in resources – for example, we established AB InBev's "Beer Garage", the company's digital innovation team that experiments with new digital marketing tools and recently ran a hackathon with the tech community to explore ways of developing stronger connections with consumers."

"Another important facet of our culture", he adds, "is not being afraid to take risks". "When approaching digital resourcing for example" he says, "you can choose to do this incrementally and grow along the way, or work hard to first find the right people – people that have a genuine passion for and understanding of tech – put them on the bus and see where they take it."



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Rather than constantly questioning and challenging our beliefs and being willing to think differently about the opportunities that are out there, we withdraw into what we've done before. And in a world that's rapidly changing, that's a formula for vulnerability.

John Hagel III, Co Chairman, Center for the Edge

Digital transformation in progress

Our research into the culture, organisation, talent and leadership of digital organisations has revealed a great deal of the work that organisations should consider to compete in the new digital economy.

Culturally, digital businesses are open and promote trust: they embrace failure as part of a measured, disciplined approach to learning about their market and their operations. The most successful businesses are also disciplined about how they achieve this culture. Rather than seeking to evade the hard process of change by jumping to the end and leaving their organisation behind, they instead embark on steps that see them gain control over the digital developments within the organisation before gradually giving responsibility for those capabilities and working practices back to the organisation.

Outcome-based talent plans that develop existing staff and incorporate new ideas from the market create the basis for a dynamic and flexible organisation. The design and structure of the organisation impacts on ways of working and can create a culture of openness, flexibility and mutual trust. That organisation is led by managers who empower and enable their people to take responsibility for outcomes, in collaboration with their colleagues.

Our interviews with organisations such as Belfius, Telenet and AB Inbev show that they are joining and sharing with new economy businesses in preparing themselves for the digital environment of the next decades. That we found differences of approach but not of opinion shows that no one can dismiss digital as a fad.

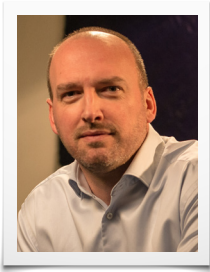
Digital is here to stay and those who do not embrace the opportunity risk joining the growing list of old-economy organisations that have fallen by the wayside. Those that embrace it have an exciting journey ahead.

Do you have a
20th Century
organisation for a
21st Century
business



“ Digital is here to stay and those who do not embrace the opportunity risk joining the growing list of old-economy organisations that have fallen by the wayside. Those that embrace it have an exciting journey ahead. ”

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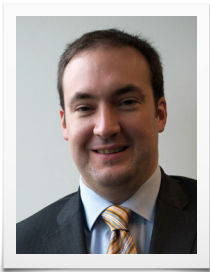


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