Digital transformation
Adoption challenges and proposed solutions

May 2023
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Foreword

Recent years have accelerated organisations’ quest for digital transformation. Geopolitical uncertainties, the Great Resignation, and the pandemic have pushed business leaders to think and act differently as they look to future-proof their organisations.

The business case for digital transformation, including the implementation of intelligent cloud solutions or ERPs is usually very strong and includes stable system performance, supporting expanding headcounts improved user experience, enhanced reporting through a “single source of truth”, reduction in manual work, and faster decision-making, digital transformation programmes can indeed help organisations accelerate their growth.

However, the last few years have shown that implementing new technologies is insufficient by itself if people don’t adapt to and embrace new ways of working. Thus, a human-centric view of managing change is crucial for realising the intended goals and benefits of a digital transformation programme.

In this report, we will explore key people-related challenges that organisations face on their digital transformation journeys and the potential solutions that can enable greater adoption of new ways of working across organisational levels—leadership, middle management, and employees.
Key adoption challenges and solutions

Challenge 1: How to address reluctance and resistance amongst the leaders and the workforce?

People are used to a certain way of working and oftentimes any changes to daily work routines can cause anxiety and lead to resistance. End-to-end digital transformation is complex, and besides introducing new technology screens, it usually calls for a change in processes and collaboration, and how things get done and reported, which could be disruptive.

Change management solution

To address the multitude of changes amongst the leadership and the workforce, it is imperative to look at digital transformation with a new lens that focusses on various personas and addresses how such a change will impact their lives. Hence, a targeted change management strategy that takes into account the drivers behind resistance, analyses the factors that impede or facilitate change, and designs persona-based interventions are necessary to cultivate a mindset shift.

Potential solutions for increasing buy-in across levels include:

a. Establishing a clear vision and case for change and driving rigorous leadership alignment

Often in a digital transformation, the focus is on the “digital” aspect, namely the usage of new technologies, while crucial “transformation” elements, i.e., fundamental changes to the ways of working are overlooked.

It is essential to establish a well-defined vision and justification for the change to guide leadership towards a shared goal and provide a rationale for embracing new ways of working.

The team that is managing the change should play a driving role in crafting a firm vision and case for change, which answers key questions on what the future state looks like, how the change vision corresponds to the organisation’s strategy, and its importance at the firm and individual levels. This crucial change narrative makes for a strong foundation and outlines the intended outcome of the transformation journey.

The change management team should also be creative in introducing programme-specific branding (project name, tagline, logo, etc.) that lends a unique identity to the programme and supports recall value amongst employees.

It is crucial to involve key leadership and stakeholders early in the programme, ideally at kick-off, so that they feel included & and bought into the target state design discussions and sign off on the impact on their business units/departments/regions. Key leaders and stakeholders that are not a part of project-specific steering committees could feel excluded and raise challenges later in the change journey. Hence, it is essential to introduce an organisation-wide leadership alignment and stakeholder engagement strategy to ensure early identification of people-related challenges that may arise and course correct them in real time.

b. Increasing ownership and accountability for leadership and key stakeholders

Change management and communication strategies need to drive the message that contributions to the change programme are a way for career growth and recognition within the organisation, instead of being an additional responsibility to the daily job.

Ownership and accountability at the leadership and key stakeholder levels can be driven by adding the digital transformation programme to yearly KPIs/goals and tracking the same in the talent appraisal process.

A project-specific, persona-based rewards and recognition plan that increases visibility and ensures motivation and engagement is also key to maintaining momentum through a complex, multi-year implementation journey.
c. **Behaviour-based nudges and interventions**

While considering change management, organisations frequently allocate resources only for communication and training, inadvertently overlooking the importance of comprehending and shaping employee behaviour. Various organisational levers can be utilised to drive change more holistically. Deloitte’s Behaviour First Framework serves as a valuable tool for adopting a strategic perspective in managing change programmes.

<table>
<thead>
<tr>
<th>Behaviour-First elements</th>
<th>Applications in the digital change journey</th>
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</thead>
<tbody>
<tr>
<td><strong>Fundamentals</strong> (Influence individual behaviour, psychological factors, cognitive biases, mental heuristics)</td>
<td><strong>Show and tell:</strong> Highlights the advantages of the new digital tool in live demos. Showcasing features could help make the experience more tangible and overcome user apprehension.</td>
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<tr>
<td><strong>Incentives</strong> (Performance, promotion, compensation, recognition)</td>
<td><strong>Bias towards mobile applications:</strong> Organisations can take advantage of the inherent bias of employees to use their mobile phones in their day to day by introducing mobile apps for a new technology and highlighting its ease of use.</td>
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| **Relationships** (Leadership, teams, customers, suppliers, governments) | **Persona-based incentive strategy:** A persona-based incentive strategy considers the role and contribution to the programme; examples include the following:  
  - **Super-user/SME:** Promotions based on project performance, ongoing recognition in steering committee meetings  
  - **Change champion:** bonus proportionate to any additional workload  
  - **Core team members:** monetary rewards, visibility in newsletters/intranet, etc. |
| **Story telling** (Mission, values, narratives) | **Leadership:** Personalised letters/notes from key leaders to nudge employees towards desired behaviours  
**Peer scenarios:** Role plays/skits during team meetings and townhalls to drive key messaging and interaction models  
**Elevator pitch on vision:** Coach leadership and managers on the change vision and how to leverage key talking points into an elevator pitch in team meetings, town halls etc.  
**Blogs, podcasts, internal social media:** Utilise change champions to broadcast the “what”, “why”, and “how” of the change story through internal social media collaboration platforms, blogs on the intranet, internal podcasts, etc. |
| **Tools** (Location, physical environment, technology, processes, systems) | **Physical and Digital Infrastructure:** Utilise elevator screens, screensavers, and common spaces to exhibit benefits and drive curiosity  
Periodic desktop pop-up notifications that provide “Did You Know” information |
A leading Middle Eastern bottler and liquid refreshments manufacturer undertook digital transformation across three new technologies and established a leadership alignment cadence outside the project steering committee. The change management team presented to department heads in cross-functional monthly meetings which led to ongoing and transparent dialogue. This approach ensured that key business leaders, beyond those directly involved in project leadership, were frequently consulted throughout the programme, rather than solely at its commencement and conclusion.

The same organisation also linked contributions to the transformation journey with annual KPIs that are evaluated in the performance appraisal to promote greater accountability.
Challenge 2: How to manage simultaneous changes across business units, departments, and geographies in parallel?

A digital transformation programme usually includes one or more technologies that impact the workforce across business units and functions in parallel. Further, several organisations choose a big bang approach, i.e., the entirety of the organisation to transition at the same time. This presents unique challenges, as the risks and delays in one area can cascade through the organisation, impacting go-live dates and the transition budget, and leading to delays in realising benefits from the programme.

Change management solution

Proactive and end-to-end change management that partners with the programme management office from Day 1 is crucial for managing complex, organisation-wide transitions. The following specific interventions may need to be implemented:

a. Understanding the impact of changes at the persona level

Having a human-centric and persona-based view to change helps articulate change interventions for high and medium-impacted professionals to avoid a one-size-fits-all approach across the organisation.

The output of the change impact analysis must feed into the overall set of interventions within the change journey. For instance, straightforward communications and technology training could be sufficient for low-impacted professionals; however, high and medium-impacted professionals could benefit from a higher-touch approach. This could include engaging in two-way dialogues and alignment sessions, as well as providing training on the new ways of working to help them adapt to the change in their daily work and interactions.

Leadership can be strategic in utilising a lighter-touch change management approach for the workforce in functions and business units that are less impacted and optimise high-touch change efforts only towards select key roles.

b. Robust change management governance:

When change management has an independent seat at the highest project-governance level (e.g., steering committees and regular leadership reviews), it ensures that project leaders stay true to the change vision and people-related challenges are not overlooked.

In a complex and wide-reaching implementation involving multiple departments and locations, it is important to have a holistic approach to change management. To ensure representation and accountability throughout the organisation, it is beneficial to establish a hub-and-spoke model with a network of key influencers, also known as change champions. These individuals work closely with a central change management team. The size and role of this network can be tailored to the scale of change in each business unit, department, or location. Their input should be integral to assessing project progress and determining readiness for implementation at key project milestones.

Robust and representative change management governance helps leadership understand and improve user readiness, ensuring that the transition is not limited to technical readiness.
A multinational IT services and consulting company conducted a persona-specific risk assessment at the start of a digital transformation journey for a changeover of their HR processes and technology. Key personas included reporting managers, project managers, HR administration/payroll professionals, and general professionals.

This identified unique pain points that needed to be considered while designing a customised change management and communications strategy and helped project leadership monitor how role-specific risks were being mitigated.
Challenge 3: How can the workforce adapt to new ways of working?

Organisations are increasingly moving away from highly customised on-premises software to hybrid or cloud solutions, wherein current ways of working have to fit into largely standard software, leading to significant changes and reduced flexibility on how employees operate within their responsibilities. Inadequate addressal of their concerns naturally leads to poor adoption of the new technology and/or delays in the timelines for implementation.

Change management solution

A human-centric change management approach helps the leadership demonstrate empathy while facilitating the adoption of new standard processes and ways of working. Leadership plays a key role from the get-go in setting the right tone and messaging and helping employees navigate this shift. Some specific solutions that can help mitigate employee concerns include the following:

a. Personalised change journeys

At the onset of project building, creating detailed personas for key roles can help bring meaningful experiences to life throughout the change journey. This, in turn, facilitates the customisation of interventions, specifically designed to address pivotal moments. Through personalisation, employees can understand what will be new (i.e., start to do), what will continue as is (i.e., continue to do), and what needs to be ceased (i.e., stop to do) at a granular level.

Creating persona libraries can provide stakeholder groups with a useful repository to learn what is changing across roles, and most importantly understand “what is in it for me?”.

Persona profile illustration

Pooja Sinha | Procurement Manager

A day in her life
- Meet with key stakeholders to review upcoming procurement needs and provide updates on current projects
- Conduct a review of supplier contracts and identify areas for cost savings or renegotiation
- Review and approve purchase orders, ensuring that all procurement activities are compliant with company policies and regulations

Likes
- Negotiating and securing favourable contracts with suppliers
- Utilising technology and data to drive procurement efficiencies
- Developing and implementing procurement policies and procedures

Dislikes and pain-points
- Facing resistance from stakeholders who may not understand or prioritise procurement activities
- Managing the risks associated with supply-chain disruptions or supplier failures
- Managing procurement activities in highly regulated industries that require strict compliance with regulations

Hopes and aspirations
- To gain greater visibility into supplier performance and identify areas for improvement
- To automate and streamline procurement processes to increase efficiency and reduce costs
- To stay up-to-date with emerging procurement trends and technologies to continually improve the procurement function
b. Design thinking workshops

A design thinking workshop at the start of the digital transformation journey can pinpoint specific challenges that may arise for key stakeholder groups and creative solutions that could help address these. Design thinking helps create an insightful dialogue with key stakeholders, sharing the inside-out view of company issues, needs, and challenges and an outside-in view for the project team on the probable solutions from other implementations or relevant industries.

This approach can be valuable in activating the right mindset, embracing rapid prototyping, and committing to the action plan.

c. Gamification

Gamification can help make the employee experience and the new normal fun, social, and mentally stimulating. Game-design elements and game principles can be applied to change-related communications and training with badges, points, leaderboards, and more.

Gamification can also be applied to measure user readiness and adoption by incentivising and rewarding employees through system usage challenges at multiple levels.

d. Measuring business benefits with employee adoption

In addition to aligning leaders on a case for change at the beginning, the change management team should also facilitate a “benefits realisation” exercise after go-lives by steering the PMO and functional teams towards data gathering, benchmarking, and KPI monitoring. Without a framework to define and record outcomes, the project can quickly lose its expected benefits.

Often, change management teams run surveys and focus group discussions after go-lives to collect employee feedback and gauge the workforce’s adaptability to the new ways of working. Robust tracking mechanisms can supplement this approach to measure quantifiable impacts of the transformation, and simultaneously look at areas that require attention to support adoption. For instance, these can include reduced process completion time, decreased errors, increased customer satisfaction scores, etc.

Quantifying and monitoring both adoption and the business benefits can serve as vital contributions to subsequent change programmes.

An Indian media focused subsidiary of a multinational conglomerate utilised its change management team to identify key performance indicators, driving business value for all in-scope processes for a digital finance transformation. The change management team engaged with the functional teams and documented key changes, compute manhour savings, quantify benefits of setting up a central master data management team, validate projected benefits, and socialise the benefits realization plan with key leadership.

The team also helped with engaging go-live communications and plans to conduct focus group sessions and measure stakeholder satisfaction after go-live.
Conclusion

The key challenges in a digital transformation, that would define the success of the transformation journey, are often people related, and therefore having a human-centric approach to solving key issues and driving adoption can be the key differentiator in achieving the business benefits and return on investment that is set out for programmes of such large complexity, investment, and impact.

Change management, therefore, becomes a strategic lever and needs to continually evolve to give leadership measurable outcomes. With leadership alignment on the case for change, driving ownership throughout the programme lifecycle, creating and measuring persona-specific change journeys, introducing behaviour-based nudges and interventions, and driving a data-driven business benefits realisation plan after go-live, organisations can avoid the pitfalls generally associated with digital transformations not meeting the envisioned target state.

While we continue to be faced with multiple complexities across the geo-political scenarios, workforce challenges, and the speed of technological innovations in this Volatile, Uncertain, Complex, and Ambiguous (VUCA) world, keeping a human-centric approach helps with adoption. Adoption is the only lever that can aid the realisation and sustenance of business transformation.
Endnotes

1. Deloitte Australia. *Putting Behaviour First: How organisations can use the behavioural science revolution to solve their most pressing problem*
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Acknowledgement

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Pratik Prasun          Sweta Chatterjee