

DIGITAL TRANSFORMATION IN THE WAKE OF A CRISIS: FOCUS ON PEOPLE

Ricardo Viana Vargas

Edivandro Carlos Conforto

Tahirou Assane Oumarou

Published in

The London School of Economics Business Review

London - United Kingdom, June 2020

Some technologies came of age during the 2020 Covid-19 pandemic. Millions of people were forced into homeworking for the first time. Unable to see each other face to face, families worldwide had to quickly master Skype, Zoom, Microsoft Teams, and a host of other connecting technologies. Zoom's daily users mushroomed to more than 200 million in March 2020 from a previous maximum total of 10 million. "Zoombombing" became a phenomenon.

For organisations, there were immediate pressing concerns. For many, survival was mission number one. And virtually all other organisations have been forced to rethink their business and operating model – its purpose, its strategy, its employees, its processes, its customers, and the technology which underlies it. Whatever the answers to these questions, technology became a major enabler in transformation, and the ability to quickly learn and adapt to this "new normal" is essential to survive.

"Covid-19 has made every organisation aware of the limits of its ability to learn quickly in an extremely fast-moving environment, in which ten days of hesitation can lead to the quadrupling of infections and to an escalation of business and societal disruption," said Rich Lesser and Martin Reeves of Boston Consulting Group. "Resilience is no longer a theoretical concern: companies and countries have been made painfully aware of the fragility of the critical systems upon which they depend. And the crisis has created a need for companies and governments to demonstrate that their purpose and values are not just hollow words written in better times."

Previous Brightline research in 2018 looked more generally at how best to deal with and respond to crises. We surveyed more than 1,200 senior global leaders and executives from the government, non-profit, and private sectors about management decisions and organisational strengths during and after crisis events. After all, the experience of crisis is common: 68 percent of our respondents agreed with the inevitability of their organisations facing a crisis in the future – though few could have anticipated something as global and dramatic as Covid-19. A hack that exposes millions of customers' data. A major holiday product launch pushed into next year. A chairman's immediate dismissal for misconduct. An employee's misstep went viral. The circumstances of an organisation's next major crisis vary, but its appearance is inevitable. While crises differ in character, scale, and scope, the following three aspects are true no matter the organisation, industry, or geography.

First, learning from a crisis requires moving into crisis mode. When facing a crisis,

organisations must make a deliberate break from their traditional ways of working. Operating as business as usual prevents organisations from isolating their in-crisis learnings and applying them to post-crisis improvements.

Second, organisations that emerge stronger post-crisis make crisis mode shifts in two key areas: people and process. Organisations with increased flexibility in internal processes and those that empowered non-leadership-level employees who were closer to the crisis to make decisions tended to emerge stronger post-crisis than those that didn't.

And finally, crisis mode forces organisations to examine four key areas, regardless of whether they're post-crisis or enjoying business as usual: prioritisation of strategic initiatives, speed in decision-making and execution of processes, empowerment of teams, and commitment to internal communication. The information must flow, and communication needs to be transparent and consistent.

Less inevitable, however, is an organisation finding a positive outcome in the wake of a crisis. While, of course, no leader would ever wish for a crisis to happen, it doesn't need to spell disaster. On the contrary: it is possible for certain opportunities to emerge from a crisis and have a lasting positive influence on a business. A crisis can bring out the best in your staff, unearth improvements in processes, and reveal new business opportunities, all of which can—and should—influence post-crisis strategy and the way forward.

Grow strong

So, how can organisations ensure they grow stronger in the wake of the Covid-19 pandemic? There is, of course, no simple answer. But, there is a straightforward challenge: how best to use technology to maximise people. Technology and people. People leveraging technology.

There is a pressing need to accelerate digital transformation. MuleSoft's Connectivity Benchmark survey found that 97 percent of IT decision-makers are involved in digital transformation initiatives at their respective organisations. A survey of directors, CEOs, and senior executives found that digital transformation risk was the number one concern of companies in 2019. That was before the pandemic. Now, we expect that the majority of decision-makers in organisations are currently involved in one way or another in digital transformation – whether it is updating their systems or completely reconfiguring their technologies to support a pivot in strategic direction.

However, if digital transformation is at the top of leaders' agenda, we need to learn some fundamental lessons pretty quickly. There is an abundance of research

suggesting that organisations repeatedly struggle with converting digital transformation from idea to reality. An amazing 70 percent of all digital transformation initiatives fail to reach their goals. Of the \$1.3 trillion that was spent on digital transformation in one year, it was estimated that \$900 billion went to waste.

Mike Sutcliff, Raghav, and Aarohi Sen identified the two main reasons why digital transformations hit the corporate buffers: unspoken disagreement among top managers about goals; and a divide between the digital capabilities supporting the pilot and the capabilities available to support scaling it.

The crucial realisation must be that digital transformation – now more than ever – requires organisations and leaders to put people first. In their work looking at why some digital transformation efforts succeed and others fail, Behnam Tabrizi, Ed Lam, Kirk Girard, and Vernon Irvin simply conclude that “digital transformation is not about technology.” “Most digital technologies provide possibilities for efficiency gains and customer intimacy. But if people lack the right mindset to change and the current organisational practices are flawed, digital transformation will simply magnify those flaws,” they say, going on to recommend that leaders re-connect with the fundamentals, to focus “on changing the mindset of [an organisation’s] members as well as the organisational culture and processes before they decide what digital tools to use and how to use them. What the members envision to be the future of the organisation drove the technology, not the other way around”.

The route to digital transformation must be inside-out, and it must be an employee transformation. Central to a framework developed by Brightline — the Brightline Transformation Compass – is the realisation that a successful transformation is about building a movement that aligns inside-out and outside-in approaches. Such a transformation is led by committed senior leaders inside your organisation, and authored and driven by large numbers of your own employees – the management and frontline team members who have a stake in your success. It is not a cookie-cutter exercise created and executed by armies of consultants. The approach works because of the focus on personal transformation; building employee commitment and motivation by enabling them to craft their own transformation journey.

This approach is not insular – it relies on a deep empathy with customers and an understanding of the megatrends that shape their behaviour. In an age of social distance, it involves breaking down traditional barriers and eliminating unnecessary organisational impediments to making direct connections – and that is where the technology comes in.