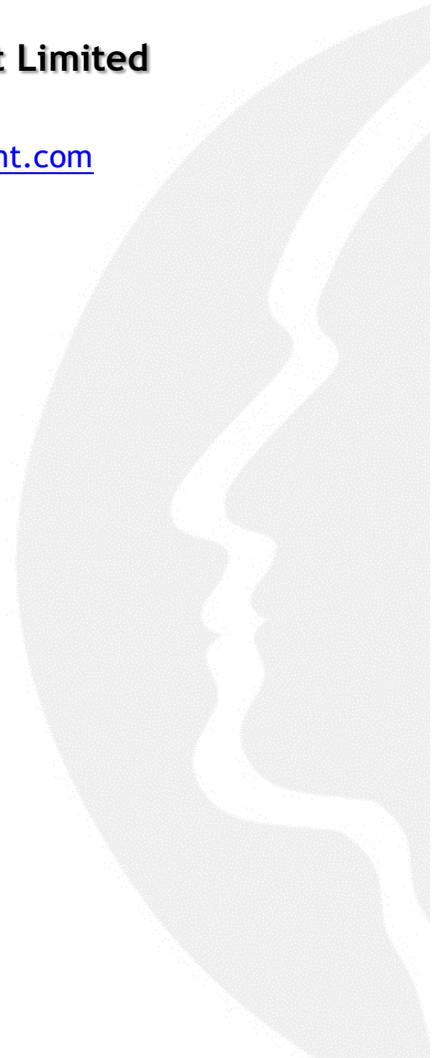# DAV management
redefining the management of change

Operating in a New Digital Economy

Delivering your strategy in a world becoming increasingly digital

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Operating in a new digital economy

The Government's 'Digital by Default' initiative aims to get 97% of government services online by 2020. Advocating that digital self-service be the first port of call for citizens and businesses accessing public services, this channel-shift will not only provide the opportunity for government to improve the service delivered to citizens, it will also help to drastically reduce costs. It is estimated that Digital by Default will save £1.7 billion per annum across the public sector.

In order to achieve this digital goal, most public sector organisations will have to undergo enormous change as they radically rethink the way they deliver services. At the same time however, most are also under huge pressure to reduce budgets – in some cases by as much as 30%.

It's not just government that is going digital, the whole world is now moving to digital at breakneck speed. Banks, insurance companies, large manufacturers, you name it, all are looking at how they can digitally transform the organisation so that they are able to keep up with customer demand, business expectations and compete globally, all while keeping costs firmly under control. In this white paper we explore the new digital economy and what organisations need to consider when making the leap into a digital world.

1. The changing face of the workplace

Digital technology in the form of the PC and the Internet has already transformed work, education, government, leisure and entertainment. Digital has generated new market opportunities and has had a major economic impact across a broad range of sectors.

More recently, the emergence of new digital infrastructures including wireless networks, mobile devices and positioning technologies, heralds the next radical shift as digital technology becomes embedded into the public spaces, architectures, furniture and the personal fabric of our daily lives.

The widespread adoption of handheld computers, mobile phones, digital cameras, satellite navigation, embedded sensors and a host of increasingly interconnected devices marks the beginning of a shift towards a world of ubiquitous computing that will ultimately see people served by many thousands of computers. Representing a key engine of innovation for our future digital economy, ubiquitous computing already underpins contemporary visions of the future for transportation and healthcare, and has the potential to transform other sectors including the creative industries and financial services. The adoption of ubiquitous computing will have a profound effect on the ways in which people work, travel, learn, entertain themselves and socialise.

So with this backdrop in mind, how do large organisations, that are traditionally slow to adapt, create an environment that is conducive to this new digital world? And what does this mean for the work environment?

As an example, telecommunications provider Vodafone has fantastic state of the art offices but as it grows its employee footprint so it continues to shrink its office space. The same can be said for many public sector organisations who are moving to much more mobile and flexible working patterns.

What sort of polices and processes does an organisation need to have in place in order to deliver on a truly digital strategy? And what organisational and transformation changes will need to take place for this to happen?

Most organisations need to start the process by evaluating their current situation in terms of 'where are we now' or their 'as is' state, and translate this understanding into what the future customer and employee experience could be like, or, the 'to be' position.   At the heart of any evaluation is a need to review the situational context to really understand both customer and employee behaviours. By understanding the difference between where they are and where they need to be, organisations can then identify what they need to do in order to realise their digital vision, how much it will cost to get there and what the likely returns will be.

The issues this process raises can be very broad. This includes team structure and IT infrastructure needs, scope of the requirements and the change that will be needed in both a behavioural and organisational sense. The bottom line is that any digital transformation initiative will have all the complexities and risks associated with any large-scale business change programme and should be approached and undertaken on this basis.

2. *Don't underestimate IT infrastructure and behavioural change*

The concept of digital is not in itself complicated. For example, most people understand and use social tools - Facebook, LinkedIn, Twitter. They can learn the key principles of search optimisation or how to run a social media campaign in a few hours. Most understand that customers are now going to use self-service via the website as a first port of call rather than telephone, or that our shop floor staff will invariably interact with customers via iPads or smart devices.

From a technical perspective one of the biggest challenges in implementing a digital strategy is around integration, re-using existing investments and creating joined-up workflows across systems and partners. Most large organisations strive to maximise the re-use of existing systems, wherever feasible and economic. It follows then, that any new technology must be inherently capable of integrating with these systems on a relatively straight forward basis. So whilst there might be new workflows and applications on the front-end, it's not uncommon for the back-end infrastructure to remain the same, which again calls for seamless integration. Councils for example have a lot of legacy systems and a diverse set of services from street lighting to highway repair, all the way through to social care and public health, so they are looking to create apps or integrated workflow processes and systems that will enhance many of their existing processes. Therefore, a thorough assessment of existing IT systems and a cohesive IT strategy needs to be put in place that dovetails into the overall digital plan and strategy.

However, it's rarely the technical aspects that stand in the way of successfully implementing a digital strategy. It's much more likely to be the broader aspects of change, referred to above, that will present the greatest challenge, especially when it comes to the people who will be impacted by the change. The degree of behavioural and cultural change needed to make a future digital strategy desirable, feasible and deliverable should not be underestimated. Engagement with all stakeholders at an early stage in the strategy's lifecycle is essential to understand their influence on the programme and how they will be impacted by it. This needs to include formal assessments of the organisation's commitment to (and understanding of) the proposed changes at key points during the transformation.

With any significant change programme, it is understandable that people will become anxious about their role and position in the company. Effective, two-way communication is the key to managing this. Therefore, once the programme starts communication needs to be given a great deal of focus. A comprehensive communications plan needs to be defined and followed. Staff must be bought together regularly and the central programme team should poll sentiment over time to monitor how well people understand and feel about, the changes taking place. At DAV we often work with business leaders to communicate the vision and personality of the programme and this is backed up with plenty of informal communications on a day-to-day basis.

3. Why do digital projects fail?

In DAV's experience most large transformation programmes of this nature fail because of lack of sponsorship and stakeholder buy-in. You can have an extremely capable digital team who have a very clear strategy, but without an experienced hand driving the vision and consistent support from the business, it will be practically impossible to implement that strategy.

Why? Because when problems occur, the digital team will need the buy-in from the rest of the business, especially at a senior level to get things done. Here is an example: you have a great strategy and digital team, but you need joined up systems and efficient end to end processes to turn it into reality. At a technical level this will demand an effective IT infrastructure and a team aligned to deliver and support it. In today's business environment, with so much competition for scarce resources, this might be harder to achieve than expected. A compelling strategy needs strong sponsorship to compete with other priorities in the business and secure the management buy-in to support and fund the initiative.

4. Preparing a solid business case

Like any strategic initiative, a digital strategy must be underpinned by a strong business case, clearly laying out the anticipated costs, business outcomes and realisable benefits. Central to the business case should be a focus on 'how can we make it as easy as possible for customers/employees/partners to do business with us in the future'. And here it's as much about demonstrating the art of the possible, being clear on what can done without immediately creating barriers or getting bogged down with what you know today, as it is about pure tangible financial elements.

At the same time, it's important to create guiding digital principles that will help to differentiate the business going forward. Identify the digital capabilities needed and present these to the key stakeholder groups.   Below are some examples of the goals that your digital strategy might look to achieve:

- Eliminate all paper communications.
- Create omni-channel services so that the organisation is easy to connect with.
- Ensure better organisation and packaging of data.
- Make best use of predictive analytics.
- Encourage self-service and collaboration.
- Take a personalised approach with customers.
- Make sure new apps and services embrace and integrate seamlessly with current systems.

Once you have board approval, your first step will be to prioritise what should be tackled first and this includes weighting capabilities to determine what takes precedence and how your new digital strategy will be rolled out across the organisation.

5. *Getting the basics right*

So, the strategy is in place, the business case signed-off, priorities agreed and a management team eager to realise the benefits promised.   What could possibly go wrong? Well the mistake many organisations make at this point is to rush into the delivery without first establishing the proper foundations for the programme.

So how do you mitigate the risk that this represents?

You need to be able to demonstrate that your vision of the future is backed up with a solid plan of how you are going to achieve it. And this means doing the groundwork that is required for any large-scale business change programme to be successful. The key points to take into consideration include:

- Be realistic about timescales
- Allocate the right subject matter experts from the business
- Nail your requirements
- Set a proper budget
- Appoint people to manage the programme who know what they're doing
- Maintain sponsor/senior level commitment

Laying secure foundations and bringing on board the right skills and experience to from the start, will ultimately stack the odds of success in your favour.

6. Conclusions

Rather than ask the question so many organisations are fixated on right now: "What is our digital strategy?" The right question is: "What is our strategy for a world that is becoming increasingly digital?"

Once you embark on your digital transformation journey the challenge will then become how you start to change the organisation to bring in this new approach. This is a complicated programme of work that involves people, process and technology and all are equally important. Taking a people-centric, collaborative approach to transformational change from the start will help you to develop an effective strategy.

Assessing your digital capabilities is just the first stage. Once you have done this, you need a plan to get your programme from where you are to where you need to be. As this is likely to be a large transformation, it is critically important that the programme team keeps referring back to their original assessment and plan. This will keep the team grounded throughout as to why they are going through the pain to get the organisation where it needs to be to advance the business in a world that has become increasingly mobile and progressively digital.

Ten key steps to digital success

1. **Leadership buy-in -** do the senior leadership team and key stakeholders really understand the importance of digital and will they support the change needed in order to implement digital?

2. **Team ability -** does the team have the necessary skills in order to implement effective digital activity? At DAV we often find that a lack of an internal service capability means that changes are hard to support.

3. **Market readiness -** is the target audience using the digital channels you intend to implement and do they have a sufficient level of adoption to make this viable?

4. **Strategy -** do you have a digital strategy that aligns with your overall business strategy? Or is there a lack of a coherent IT strategy? Do you have measurement frameworks that allow you to judge the success of your digital strategy and efforts?

5. **Governance -** do you have clear guidance, rules, policies and processes in place in how you implement your digital activities and are these embedded into your organisation?

6. **Infrastructure -** do you have suitable technical infrastructure, including IT and tools, to allow you to implement targeted digital activity? Can cloud solutions help to resolve this problem or do they create a mixed technology landscape that introduces more complexity?

7. **Business outcomes -** can the measurement of your digital activity be directly connected to the financial results of the business so you can judge its true impact and success?

8. **Innovation -** do you have a culture of innovation that will allow you to test, fail safely and recover quickly to learn from your mistakes?

9. **Weighting certain factors** – to move towards a digital strategy needs most organisations to improve in many of the areas outlined above. However, in doing so it's essential to assess the level of work involved in getting from where you are to where you need to be. It's particularly important to be realistic about how difficult the journey will be, and to assess whether there is a political, technical or resource based reason this. In practice you may need to weigh the importance of each of these factors when you assess your organisation's readiness for change. If you are particularly low scoring in sponsorship, management or stakeholder buy-in and IT capability, then alarm bells should start ringing. In our experience, these factors are the most common cause of stress, delays and failure in programmes of this type.

10. **Transformation time -** timeframes for these types of programmes tend to shrink due to demands from the business. Try to set as realistic timeframe rather than the timeframe that the business dictates, otherwise you risk setting yourself up for failure.