
Prepare employees for the digital future.

Digitizing the Organization

BY ALEX MOORE

More than 45 years after Ray Tomlinson sent the world's first email in 1971, digital technology still hasn't stopped revolutionizing the workplace. According to a 2016 whitepaper from Manpower Group, *The Skills Revolution: Digitization and Why Skills and Talent Matter*, more than 90 percent of employers expect digitization to affect them over the next two years.

How is that likely to happen?

Many companies will change how they're organized. About half the organizations surveyed for Bersin by Deloitte's 2017 *Global Human Capital Trends* report say they're currently redesigning themselves for digital business models, mostly around "teams, implementing analytics, and organizational network analysis." The report notes that those companies must correspondingly alter their people practices, from performance management to leadership development. Considering that those areas generally fall under talent development, the profession will have an important role to play in creating an organizational culture that facilitates digital transformation.



Why say *culture* instead of *cultures*, you might ask? Because research shows that the companies whose employees think they are well-prepared for a digital future aren't all that different from each other.

According to the 2016 MIT Sloan Management Review/Deloitte study *Aligning the Organization for Its Digital Future*, which features research conducted with more than 3,700 organizations over two years, companies whose employees strongly characterize them as “transformed by digital technologies and capabilities that improve processes, engage talent across the organization, and drive value-generating business models” possess a set of recurring values. Those “digitally maturing” organizations are more likely than their peers whose employees say they're stuck in the early stages of digital development to:

- intentionally create a digital culture
- invest in their own talent
- prioritize soft skills
- strive for “digital congruency.”

Let's delve further into each of those practices and how talent development professionals can proliferate them in their organizations.

Crafting a digital culture

Aligning the Organization for Its Digital Future found that companies whose employees think they've made an effective digital transformation tend to have cultures that value agility, risk taking, distributed leadership structures, collaboration, and data-driven decision making. That doesn't happen by accident. The study reports that digitally maturing companies are more than four times more likely than their counterparts in the early stages of digital development to say that they

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“are actively engaged” in initiatives to foster those traits.

What do those initiatives look like?

In the experience of Julyan Lee, a principal change management consultant for the Leeward Team, organizations that make effective digital transformations treat culture as if it's the most important part of the digitization process. “Technology implementations do not drive culture change,” he says. “It should be the other way around.” In other words, organizations in the midst of digital transformations focus on preparing their cultures to interact well with digitization, and then worry about introducing new technologies.

To make those preparations, Lee recommends assessing your organization's culture, then offering training that cultivates the traits you want to emerge and discourages the ones you want to suppress. He says your training should be designed to get employees to “shift from the way they think and behave today to how they need to think and behave in a digital culture.”

Investing in digital talent

Although most companies invest in improving their employees' skills—74 percent offer internal training, according to *The Skills Revolution*—the research shows that digitally maturing organizations “place a decisive emphasis” on it. They are more than five times as likely as their peers in the early stages of digital development to provide resources and opportunities to develop their workers' digital acumen.

To make those resources as useful as possible, companies should offer them at times of immediate need. Catherine Lombardozi, author of *Learning Environments by Design* and founder of the consultancy Learning 4 Learning Professionals, says, “It's always better to train people in context than it is to train the skill in isolation. For example, when an initiative asks people to start using Twitter, the company should accompany that initiative with resources related to how Twitter works.”

Applying that opportunistic style of technology training enables companies to realize self-sustaining outcomes in recruitment and retention. The MIT Sloan/Deloitte study reports that leaders who have access to resources that prepare them to thrive in digital environments are more likely to stay at their company than those who don't, and digitally maturing organizations are about seven times more likely than their less-digitally mature peers to say they can recruit talent based on their use of digital technology.

Prioritizing soft skills

In a digital world, the technology tools an organization uses at any given moment have become so fluid they're almost transient. Thus, the companies best prepared to handle a digital transformation tend to focus on developing their employees' human skills: “If you look at models of digital acumen,” says Lombardozi, “everyone who has done the work to put together a list of skills for 21st century citizens has identified not

just technical skills, but soft skills like critical thinking, communication, and developing a network.”

Findings from *Aligning the Organization to Its Digital Future* corroborate that idea. In an open-ended question, 38 percent of respondents said that instead of technical know-how, “a change-oriented mindset” (which includes the ability to embrace change, and be flexible, adaptable, and curious) defines the skills most central to success in a digital workplace. While that group of abilities might differ in some ways from those Lombardozi describes, both represent human talents that machines cannot easily replicate.

Striving for digital congruency

The final—and perhaps most important—trait shared by digitally maturing organizations is digital congruence. Described by the MIT Sloan/Deloitte study as the alignment of culture, people, structure, tasks, and company strategy around the challenges of a

constantly changing digital landscape, digital congruence entails creating long-term and broad-reaching plans for digital transformation.

Although even the most digital-ready companies can only gaze so far into the future—only 4 percent of digitally maturing organizations create digital strategies with time horizons of more than 10 years—organizations whose employees think they’re effectively managing digital transformations do have tomorrow on their minds. More than 50 percent of digitally maturing companies create digital strategies with time horizons of at least two years, compared with just 34 percent of companies whose employees put them in earlier stages of digital development.

Why might a long-term strategy be important for digital congruence?

Because “a digital cultural and technology shift is a journey and takes a long time to accomplish,” says Lee. “Making the financial, time, and

resource commitment [to create a long-term plan] makes it easier for people to get on board,” which ultimately will increase the likelihood that everyone is on the same page when the next step in your transformation begins.

Lee recommends that companies start the long-term planning for their digital strategies with a destination in mind. He says they should identify critical success factors for getting where they want to be in the long term. Then, they should enact measures to hold leaders accountable for delivering. He advises that, for best results, “executives should have their pay structures and bonuses aligned to these factors,” and “be held accountable for exhibiting cultural values conducive to the organization’s new digital culture.”

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