Making Big Bets on Digital

The convergence of mobile, social and the cloud continue to force executives to rethink organisational design and service delivery. **Marc Barber** reports

Conversations about 'digital business' can be confusing. No doubt there will be reference to a burning platform, followed by the dark art of culture change. You can also almost guarantee a warning that unless a strategy is in place, digitally savvy competitors will devour you and your industry.

For large organisations with long-established operating models, adapting to digital is tough. In the past five years, online and mobile have transformed consumer behaviour and it's evident that the Internet of Things – which will bring us wearable devices, smart homes and driverless cars – will continue this disruption. "It's clear how much digital technology has become a part of our everyday lives and how much it has changed them," says **Andrew Minton**, Executive Director at Criticaleye. "Digital is no longer a choice. It's a necessity that no company can afford to ignore."

At a recent Criticaleye Discussion Group, Competing to Win in the Digital Age, held in association with Accenture Strategy, attendees fought through the fog around digitisation by sharing practical experiences of what it means to them and their businesses. Here are three key themes that emerged:

1. Digitisation improves efficiency

If there's logic behind technology improving service delivery, don't be afraid to embrace it. At Network Rail, there's a multimillion pound project underway to digitise information systems that date back to the 1830s. "Data and understanding are vital as they will help improve efficiency," says **Jane Simpson**, Chief Engineer at Network Rail.

This includes a wide variety of changes, from the introduction of apps for staff to report faults, to the adoption of track recognition technology that compares one data run to another. The latter saves an individual from having to walk miles upon miles of track, trying to spot if anything is awry. But often, such changes won't occur unless everyone sees the logic. "Never underestimate the buy-in you >

need from the end-user and the leaders in an organisation," **Jane** warns.

2. There is a skills shortage...

...well, sort of.

It seems almost anyone born with an iPod in their mouth has star quality. **Martin Hess**, Vice President of Enterprise Services Sales for UK&I at IT concern Hewlett-Packard, states there is a notable generation gap when it comes to digital.

"Organisations are trying to find ways to exploit technology but the leaders don't necessarily get it," he says. "They may know how to use social media but they think about it in a very different way. On the flipside, younger people don't yet have the business acumen and, as a consequence, the hierarchy of digital knowledge in organisations is upside down."

While fast-tracking millennials to the boardroom may be a step too far, the demand for a digital environment is making other companies revisit the traditional model for career progression. At the very least, the onus is on directors to boost their digital brainpower.

"People still think you need a NED in the boardroom to cover all of these issues," says **Samantha Barber**, Non-executive Director of electricity company Iberdrola. According to her, what's important is "the way the board interacts with external experts and sets aside strategic time to make sure they get the right analysis on trends in order to stay ahead of the game".

Jonathan Hunter, Managing Director of Accenture Strategy, states that one of the biggest barriers is people being

> **❝ You can only be successful if you are willing to fail ❞**

unable to conceptualise how a business can operate differently: "There is a degree of disconnect between the way people think about how work has to be done and the way that new technology can enable them."

It's too easy to attribute this to a 'generational thing', claims **Jonathan**. "It's more about an individual's choice and comfort around the way they engage with digital platforms and new technology," he adds.

3. Only a few can moonwalk

Google's Larry Page likes to talk about 'moon shots', whereby big bets are made on revolutionary ideas. It's fair to say that not every company can approach innovation in the same way. Talk about 'going for the moon' will get little airtime when the daily focus is on targets and performance.

The thing is, when competitors emerge seemingly from nowhere, winning customers and operating at minimal marginal cost, something has to change. "New entrants are able to have a dramatic effect on the market due to how quickly they can scale consumer use, whereas previously it took a lot longer to get traction," says **Jonathan**.

This is where finding the balance between the old business model and the new really

tests executives' leadership abilities. **Claudio Righetti**, Managing Director and CEO of consumer goods company Fontem Ventures, acknowledges that so-called agility in decision-making should be welcomed, but it can be difficult to execute, especially in industries that still have long lead times in production.

This is when you need buy-in from the top, whereby people are encouraged to test new ideas early and take calculated risks. "You can only be successful if you are willing to fail. But if you fail, you need to do this cheaply and move on quickly," says Claudio. "If you have the right leadership you can establish this way of working and overcome the typical organisational push-back."

Regardless of the sector or the change being executed, this is the message that keeps being told. ■

Featuring Commentary From:

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