

Building the Digital Organization

 An LDS white paper



To compete in digital markets, companies need a digital organizational strategy

For companies today, creating new digital business models and digital products and services is no longer sustainable under old models of organizational behavior. They must embrace a new approach that breaks up and reconfigures old modes of work, combining digitally-native abilities and behaviors with new technologies and work designs.

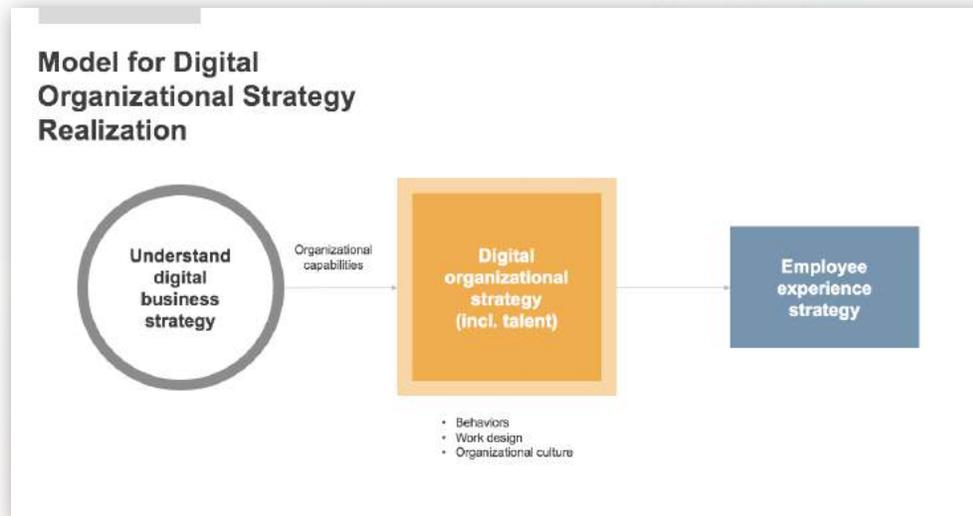
Such change is essential. Industry studies consistently correlate superior financial performance with a company's commitment to digital strategy and organizational transformation. Digital organizations are based on new modes of leadership, new people skills and behaviors, and new cultural norms. The more that digital is incorporated into all functions and a digital organizational culture is broadly embraced, the deeper the competitive advantage and the greater the financial returns. Yet, for many legacy organizations change is occurring selectively. Digital technologies and practices are leveraged into existing product/service design processes and into established operational structures, often in functional silos, and even when silos are broken down digital change often misses the people dimension – the new digital mindset, abilities, behaviors and work practices that drive innovation.

Said another way, companies are flying without an explicit talent strategy for realizing digital in the organization. Employees and other workers are still viewed more as an input into production than as a constituent party that has a vital role in the design and delivery of products and services. Unanswered are the hard questions of how work must change as a human-technology agency across the enterprise to succeed in the digital marketplace.

In sum, a company cannot develop and execute on a robust digital business strategy without inherently thinking and acting in a digital manner. This requires building new organizational capabilities for digital strategies while retaining the strengths of the existing organization. These capabilities likewise require a talent strategy to create, foster, and make actionable new digital abilities, mindsets, behaviors, and work practices.



Realizing digital organizational strategy



To address the practical challenges of translating digital business strategy into actionable organizational and talent goals that collectively move the enterprise, we've developed the concept of digital organizational strategy. It serves to inform the reshaping of human interactions by identifying and prioritizing new modes of work based on networked relationships and behaviors that are tightly integrated in digital employee experiences and enabled through new digital abilities and mindsets.

The goal of digital organizational strategy is to connect people and work practices in digital contexts. When we say digital contexts, we mean both the strategic business contexts whereby digital creates competitive advantage, such as through new business models, and the specific kinds of situations and discrete practices needed to realize strategy – many manifested in emerging digital behaviors, skills, knowledge, and technologies.

Realizing digital organizational strategy involves the following key activities:

- Understand the company's business strategy and operations, user constituencies, technology ecosystem, and overall experience of employees
- Identify new organizational capabilities required by the digital business strategy
- Conduct work analysis and define specific new behaviors, work designs, and cultural norms that enable organizational capabilities
- Define enabling digital employee experience(s) and supporting resources that shape work practices
- Identify issues and opportunities in the business design itself that must be addressed

The resulting work product is an actionable employee experience strategy that comprises solution vision, value goals, design direction, foundational technology assumptions, and roadmap.

In project methodology, we strive to identify in as specific a way possible the desired digital work practices and underlying ideas of work design and culture that realize key organizational capabilities required for business strategy. These will inform the design of the future online employee experience.

KEY ORGANIZATIONAL CAPABILITIES

Tying talent strategy and goals to target business capabilities is a practical way of identifying specific actionable objectives for talent programs and experiences. Examples of organizational capabilities sought by businesses today include the following:

- Customer experience management
- Product and service design
- Digital asset management
- Business model agility
- Innovative culture
- Digital-first leadership
- Collaboration
- Knowledge identification, creation & sharing
- Digital business commerce
- Risk and business resiliency
- Sustainability management

Work itself (e.g., procedures, practices, processes) will need to be reimagined in context to digital. Also, business design often must be addressed; for example, poorly coordinated processes or related programs pursuing different goals. These factors in turn provide inputs into a new specification of the work that the online employee experience will help to realize.

Finally, the idea of roadmap is critical. Digital is never a “big bang” for established businesses – understanding how to evolve capability is a key goal of digital organizational strategy. Behind these activities, of course, are specific practices, techniques, and protocols, such as constituent demographic review, user research, journey mapping, and work analysis assessments.

This approach may strike some leaders as bold and risky. However, transformation can follow several paths depending on circumstances, preferences, and resiliency. For example, recommendations may be ambitious, seeking to shift organizational behavior broadly and quickly, such as in opening silos to general knowledge sharing across departments. Or they may be more modest by seeking to realize specific, targeted behaviors, such as particular forms of learning collaboration.



The Talent Agenda for the Digital Age

Still in an early stage of development, the Strategic Talent Experience is moving the discussion substantially beyond the prior Integrated Talent Management (ITM) concept, which was primarily about process improvement and system integration – in other words, about operational excellence or efficiency (and therefore cost), not strategic capability that provides a basis for competitive advantage and digital innovation. Current industry thinking is tending to focus on strategic program alignment (a good thing, if stakeholder focused) – this is business design.

However, this thinking often misses a crucial dimension: the employee-facing one that addresses directly the people companies most want to influence. For employees, a meaningful talent experience involves tangible and practical aspects of development and career management presented holistically in the context of one's current job and future career path. Notions of individual development should be aligned to business strategy and career mobility across an organization.

Thus, current talent experiences often fail to address strategic and common talent-related pain points.

TALENT PAIN POINTS

While it is often difficult to envision a digital future and argue the case for building it, business leaders can see the pain points – many of which are apparent to employees as well.

Performance management programs are not driving desired outcomes – They are siloed, process-centric, and procedural. How to make performance feedback productive, strategic, outcomes-based, and regular?

Employees don't have the mentorship and guidance they need – Managers are not filling this traditional role as organizational hierarchy is being replaced by team-based and networked models. How to enable employees in understanding how to own their development and career? How to connect employees with others who can guide them?

Investments in talent development are not paying off – Programs are episodic and siloed and don't clearly support business strategy; employees don't know how to think about career and act. For example, how to make learning directly relevant to business goals and the individual and to facilitate its availability at the point of need (a culture of learning)?

Organizational silos (including those in HR) are anti-patterns to the organization of the future – People look locally for leadership, change, and innovation; this runs against key tenets of digitalization in organizations. The same problems get solved again and again. How can knowledge sharing and collaboration occur across the organization and with outside partners?

Talent Pain Points (Continued)

Mechanisms to influence employee behavior are vague and insufficient to serve business strategy – Shaping behavior is viewed as essential to creating nimble, innovative companies (i.e., the role of culture). How to realize rigorous techniques for defining specific, aligned behaviors and systematically influencing them?

Online solutions solve process-centric problems but don't serve the business – They realize cost and operational efficiency goals, but don't address the need for connectivity and for shaping behaviors. How to create “talent experiences” that guide behaviors in line with business strategy?

Talent strategies often do not offer specifics on thinking through the “how” for realizing digital strategy in the organization and creating the tangible aspects of what employees discretely see, hear, touch, or interact with – the physical, social, and online dimensions of what is known increasingly as the employee experience. Also in play is the idea of “cultural shaping” to drive new mindsets (and thus employee behaviors), as is experiential and traditional learning to establish required new knowledge and skills.

In contrast, a digital-first approach provides a foundation for addressing these talent pain points by identifying the specific practices needed to realize digital business strategy and evaluating these practices in the context of both employee behaviors and digitally-enabled work design.

The talent experience should weave seamlessly together all tangible and practical aspects of employee development and career management.

Business transformations driven by digital market forces demand a contemporary approach to organizational, people, and talent strategies that is grounded in modern business design methods. Talent-related capabilities are a smart place to look for enterprise-level digital value because they span core business operations and competencies. These capabilities are complementary and fundamentally supportive of all business-specific needs.

Finding, developing, and enabling talent to achieve digital business goals requires a focus on engendering and leveraging the right digital skills and behaviors, structured in new digitally-influenced work practices, and anchored deeply in digital tools.