Putting *people skills* and *cultural change* at the heart of *digital transformation*.

Presented By

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Digital Transformation

- Its is not simply automation
- Digital transformation is a change – management journey
- *Its about adopting new ways of working*
- *Adopting a new Mindset to deliver new business value*
- Others have gone for digital optimisation instead of digital transformation to improve both customer experience and employee productivity

Where to….?

- "Businesses are scrambling to leverage an ever-evolving array of digital technologies — social, mobile, analytics, cloud, artificial intelligence, Blockchain, and the "internet of things" — to develop new value propositions for their customers." MIT

Where to….?

- MIT Research shows the reason why it is so difficult for most companies to go digital is **"most established companies do not yet have the capabilities they need to become digital."**

- [Designed for Digital: How to Architect Your Business for Sustained Success](#)," The MIT team found that " on average, 5% of these companies' revenues are coming from new digital value propositions.

- Of note is that these companies have had many years into their digital journeys," Ross one of the authors said

The Five Building Blocks of Digital Transformation

Operational backbone
Integrated systems and processes that ensure operational efficiency and quality transaction and master data

Shared customer insights
Organizational knowledge about what customers will pay for and how digital technologies can deliver to their demands

Digital platform
A repository of business, technology, and data components facilitating rapid innovation of new offerings and enhancements

Accountability framework
Clear ownership of—and coordination among—a growing set of digital offerings and components

External developer platform
A digital platform for an ecosystem of partners who contribute to and use the platform

Ultimately it must end with the customer

- "Platforms provide the technological and organizational basis for developing digital offerings, but they're worthless if companies don't leverage them to develop offerings that customers find valuable". Ross said.

- Success depends of companies successfully developing and delivering constantly evolving digital offerings – this largely depends on companies' ability to develop a reservoir of _organizational knowledge about both customer problems and potential solutions_.

- "It's the process of accumulating knowledge about what a customer will buy," said Ross

Skills matter in Digital Transformation

- Put people at the centre of your digital transformation journey
- Equip them with foundational skills ; literacy and numeracy, digital skills and soft skills
- Soft skills required in a digitized world of work include communication, management, analytics and problem solving
- Without these relevant skills not much value will accrue to your organisation or its customers

Skills matter in Digital Transformation

- **Ability to use**
  - mobile phones
  - The internet
  - Social media
  - Advanced skills in data analytics
  - App development
  - Network management

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Skills matter in Digital Transformation

- ITU data suggest that only 2% of Kenyans are using the internet to find and apply for jobs versus global average of 17%

- Sudan and Zimbabwe – only 4% of the adults are able to copy and paste files

Skills matter in Digital Transformation

- **The challenge with the supply side;**
  - Formal education – far from equipping people with digital skills required now and for the future
  - Companies may have to own this process and give their employees access to digital and soft training skills
  - For the country a shift towards STEM may help close the gap

Skills matter in Digital Transformation

- Less than half of firms surveyed across several developing countries offer any formal training to their workers – *World Business Environment Survey*
-

Skills matter in Digital Transformation

- **On the demand side;**
  - Government polices are required to build an innovation ecosystem – that will allow private companies to move into more sophisticated products based on the strength of availability of digital skills.
  - The government has started Innovation Hubs – the results are yet to trickle down to private firms

Skills matter in Digital Transformation

- **More sophisticated skills to support digitalisation**
    - Artificial intelligence
    - Nanotechnology
    - Robotization
    - Internet of things
    - Augmented reality
    - Machine learning

    Digital learning context popular with employees
        - Mobile technologies
        - Tablets
        - Smartphone applications

Culture Matters in Digital Transformation

- Organisational culture presents the biggest challenge to digital transformation

- While some organisations have the DNA that accept change quickly, others are more resistant

- Striking a balance between organisational culture and digital transformation is one of the biggest challenges facing organisations as they transition to digital transformation

- **But what is culture**?

It is the collective **programming of the mind** which distinguishes a member of one group from another

Hofstede (1991) Pg. 180

What does collective **programming** of the mind imply?

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Is culture **a set of instructions** installed in the minds of people?

If so....What are these instructions? Who writes them? When are they written? And why?

If culture distinguishes a group of people from another....Is culture perceivable?

Culture is installed in the minds of people...

...then **culture is difficult to articulate** and is unperceivable

Very Difficult...

Culture is **a software of the mind**

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A predetermined way of doing things...

Culture comprises of **codes**; set auto-pilot behaviours; it has pattern.

Edgar Schein (2004) describe culture as **"the pattern of shared basic assumptions - invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration - that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems**

Culture is stubborn

- Organisations need to create a culture that introduces technological transformation with more emphasis on empathy towards the people
- Unfortunately culture is very stubborn – it wont change easily

What are the culture obstacles ahead ….

- A McKinsey survey of global executives identified three digital culture deficiencies
  - Functional silos
  - Fear of taking risk
  - Difficulty forming and acting on a single view of the customer

The right thinking for Digital Culture

- Customers are at the heart of all we do. They know us and we know them.

- We use data to predict and anticipate what customers will want.

- We make decisions in real-time, because we have the data we need right in front of us.

- We take risks, but try to fail fast and learn from our mistakes. That's the only way to grow.

- We rely on cross-functional teams to make sure that new initiatives reflect multiple perspectives.

Some of the signs for Digital Culture

- Customers know what they need. We're trying to give them something better — what they don't know they need yet.

- Our executive team listens to ideas from across the organization, and focuses on communicating new ideas and initiatives.

- Our directors regularly communicate and collaborate on new ideas to make sure they're aligned.

- We focus on collaboration through various methods to ensure that there's plenty of top-down, bottom-up and cross-communication.

Employees are key in this transformation

- Company- wide employee buy-in should be a top priority
- The top team must provide a clear vision and strategy for how change will be realized
- Align every role to your digital transformation
- Remember no involvement – no commitment
- You can waste money – thinking big – as long as you employees are not in it will fail

The COVID- 19 Induced Digital Transformation

- The definition of work is much more clearer and amplified.

- Work in is not a place but output

- The whole model of supervising people has changed

- Work has not changed but where work is being done is what has changed

Working from home prior to COVID-19

- Prior to COVID -19 roughly 7.9% of the World's workforce was working from home permanently {ILO}

- Dingel and Neiman (2020) using occupational descriptions from the Occupational Information Network (O*NET) estimate that roughly 34% of American jobs can be performed from home

- Using the same methodology in Argentina the estimate is 26% to 29% of Argentinian can be done from home

- 18% of workers occupy jobs that would allow them to work from home globally

- and live in countries with the infrastructure that would allow them to effectively perform their work from home (ILO 2020).

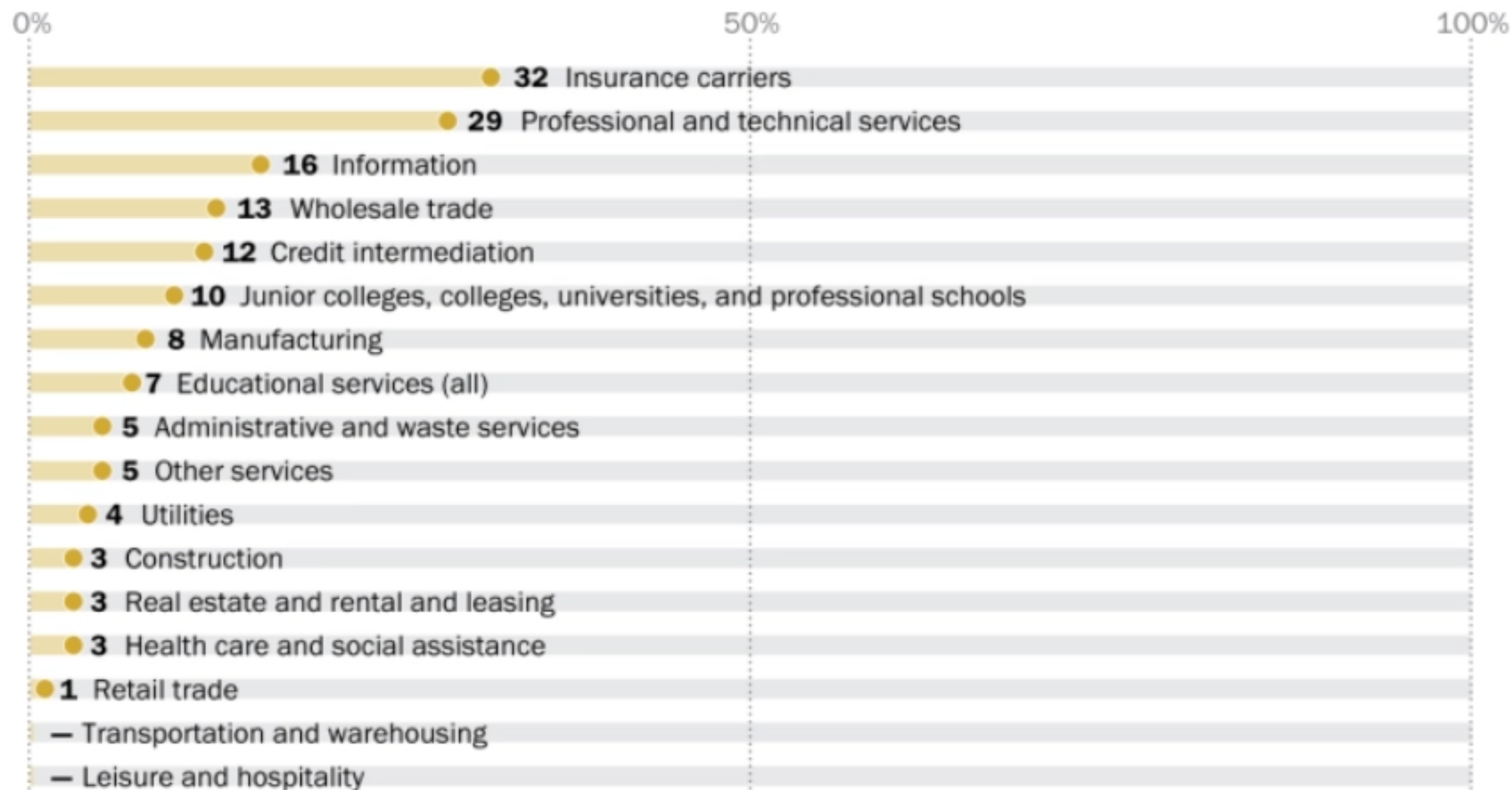|	
	Less than 5 percent [43 countries]
	5-10 percent [41 countries]
	10-15 percent [21 countries]
	15 percent and over [13 countries]
	No data

What determines who can work from home

- Income level of each country
- Economic and occupational structures of countries
- Environmental factors e.g.
  - (1) access to broadband internet
  - (2) likelihood of owning a personal computer
  - (3)whether the housing situation allows working from home
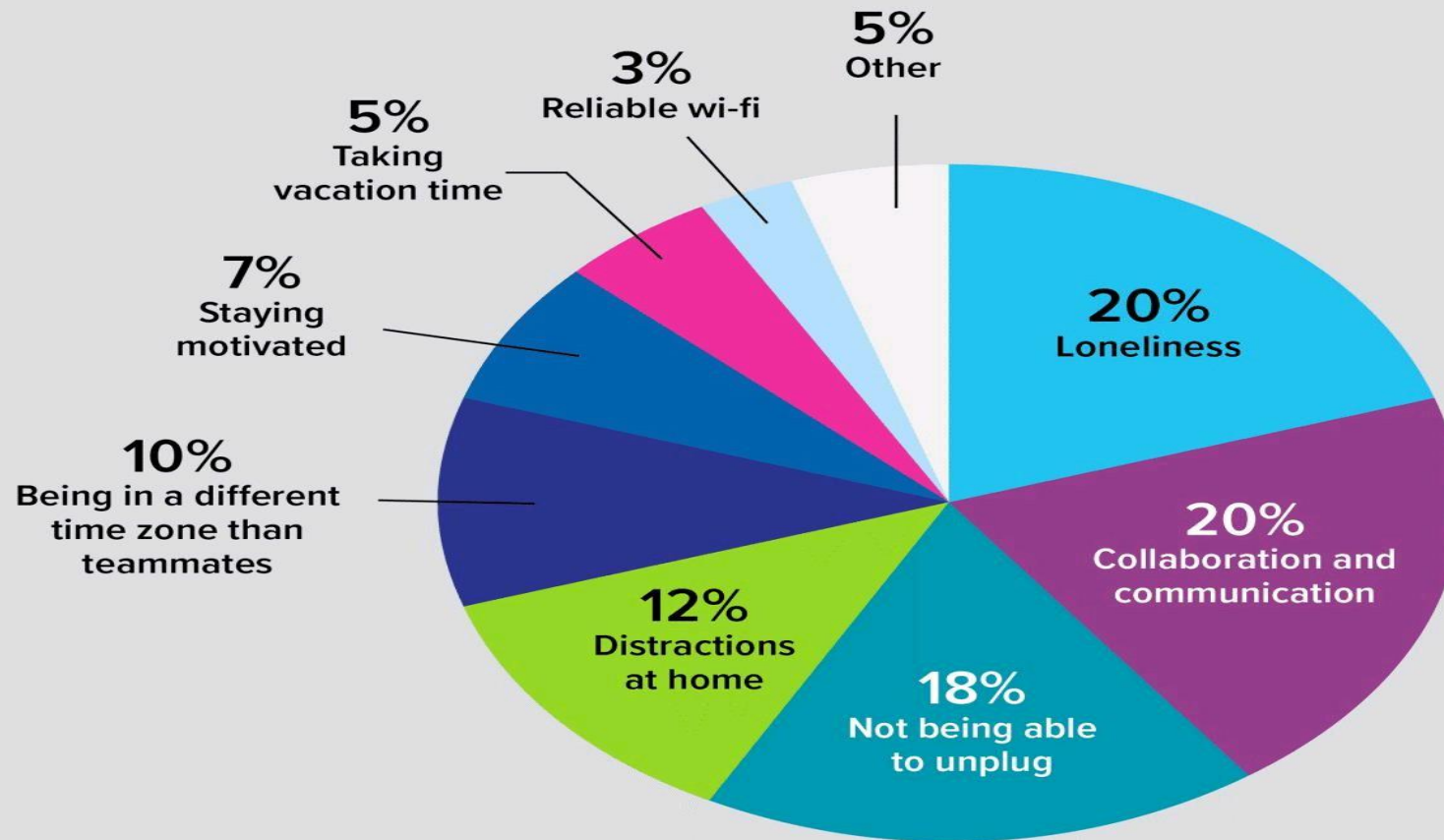 - (4) the nature of work to be done

What determines who can work from home

- Developed economies are more equipped to work from home

- Majority of occupations in developing countries can not be done from home

- The large swath of informal sector jobs can not be done from home e.g. vendors

- IT technology infrastructure in developing countries less suited to working from home

In 2019, by selected industry groups

0%	50%	100%

- **32** Insurance carriers
- **29** Professional and technical services
- **16** Information
- **13** Wholesale trade
- **12** Credit intermediation
- **10** Junior colleges, colleges, universities, and professional schools
- **8** Manufacturing
- **7** Educational services (all)
- **5** Administrative and waste services
- **5** Other services
- **4** Utilities
- **3** Construction
- **3** Real estate and rental and leasing
- **3** Health care and social assistance
- **1** Retail trade
- **—** Transportation and warehousing
- **—** Leisure and hospitality

How Employers Handled the Lockdown and Continuity of Work

Participants Profile

- 139 participants representing 139 organisations from 17 sectors

- highest number of participants were from the Manufacturing sector (13%) and the least number of participants came from the Construction (1%) and Motoring (1%) sectors.

Summary of key findings

- 47% of the organisations have part of the staff working from home, 35% are partially open and 11% participants are fully operational.
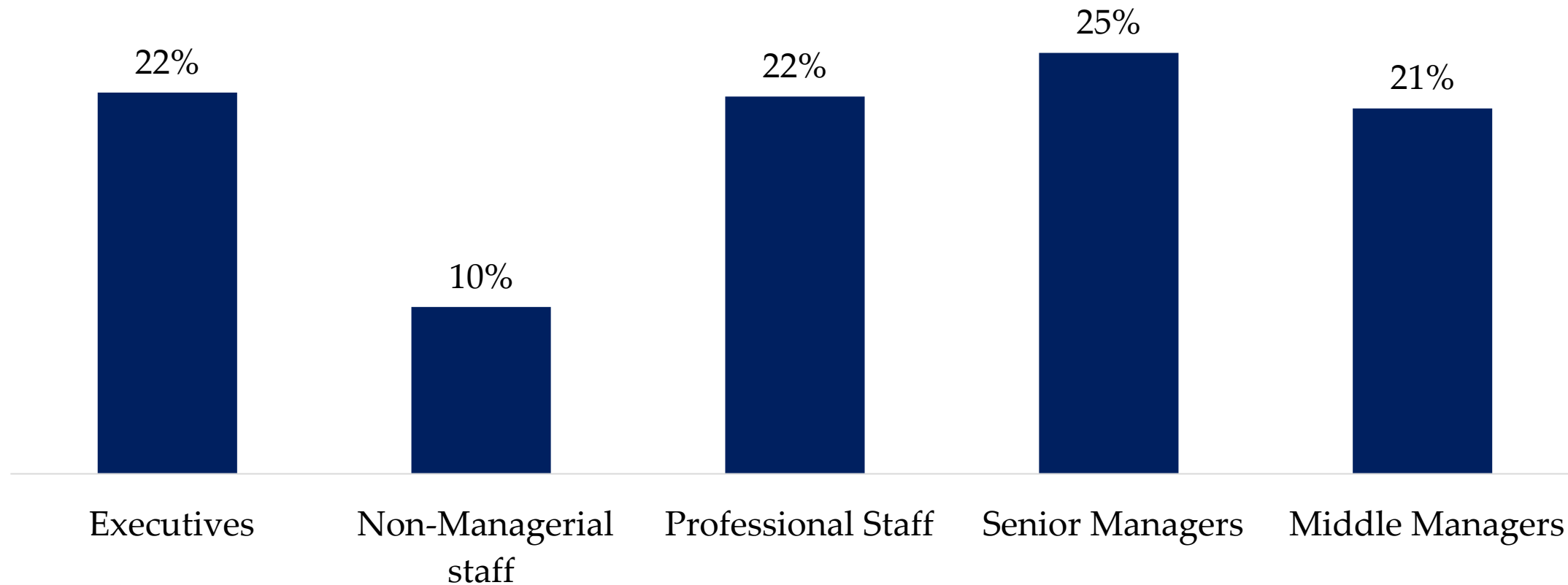
Summary of key findings

- 89% have provided necessary resources for employees to work effectively from home whereas 11% of the employers have employees using self-funded resources for office work.
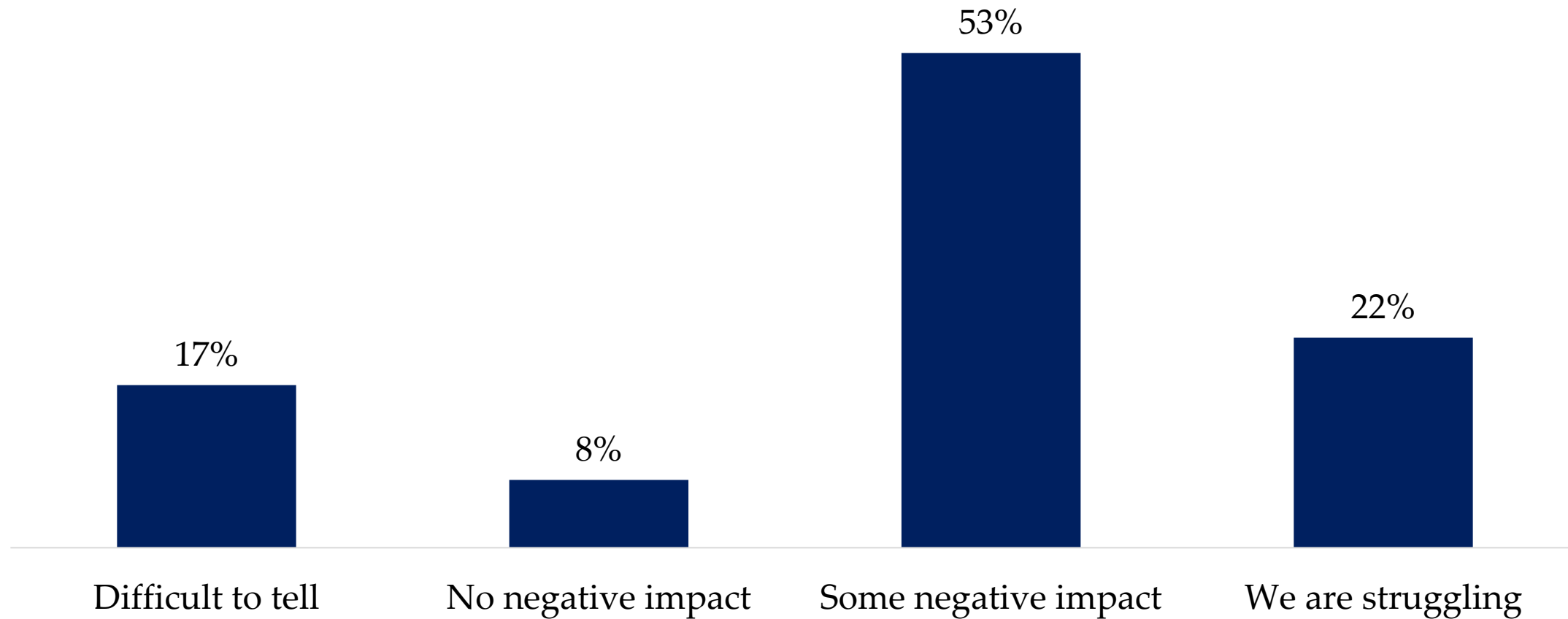
Summary of key findings

- On average 20% - 25% of managerial staff and professional staff are working from home whereas approximately 10% of non – managerial staff are currently working from home.
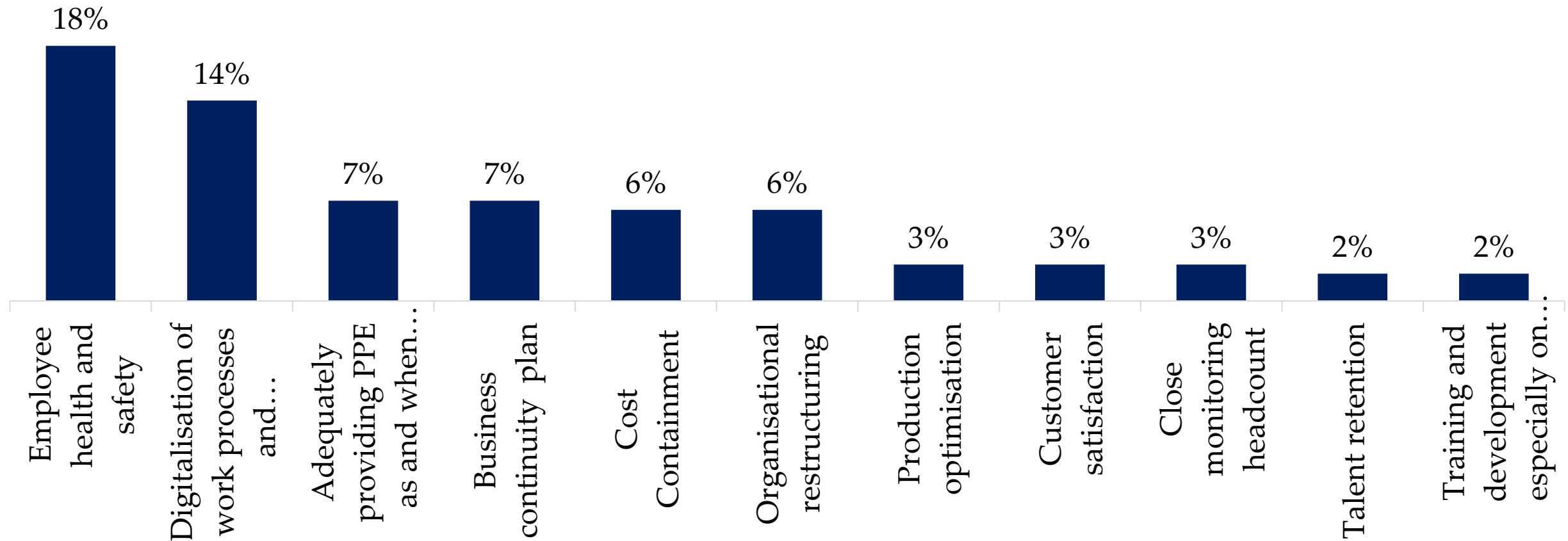
What has been the impact of the lockdown on your business?

- 17% — Difficult to tell
- 8% — No negative impact
- 53% — Some negative impact
- 22% — We are struggling

Top issues you are prioritising as a business for now and for the future as a result of COVID -19 pandemic

18% — Employee health and safety
14% — Digitalisation of work processes and...
7% — Adequately providing PPE as and when...
7% — Business continuity plan
6% — Cost Containment
6% — Organisational restructuring
3% — Production optimisation
3% — Customer satisfaction
3% — Close monitoring headcount
2% — Talent retention
2% — Training and development especially on...

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How Did Employee Respond to Lockdown

Participants Profile

- 604 people participated in this survey.

- Of the respondents, 58.11% were males and 41.89% were females.

- Participants had an average age of 39 years.

Summary of key findings

- 43% of the respondents said if given an option after the pandemic, they would work from home permanently while 33% said they would not.

- 54% of the respondents said they use WhatsApp mostly as a source of communication when working from home.

Summary of key findings

- 66.03% of the participants said they miss the social support they got from their colleagues when working from the office.

- 37.2% of the participants received money from the employer to buy data bundles so they can work effectively from home.
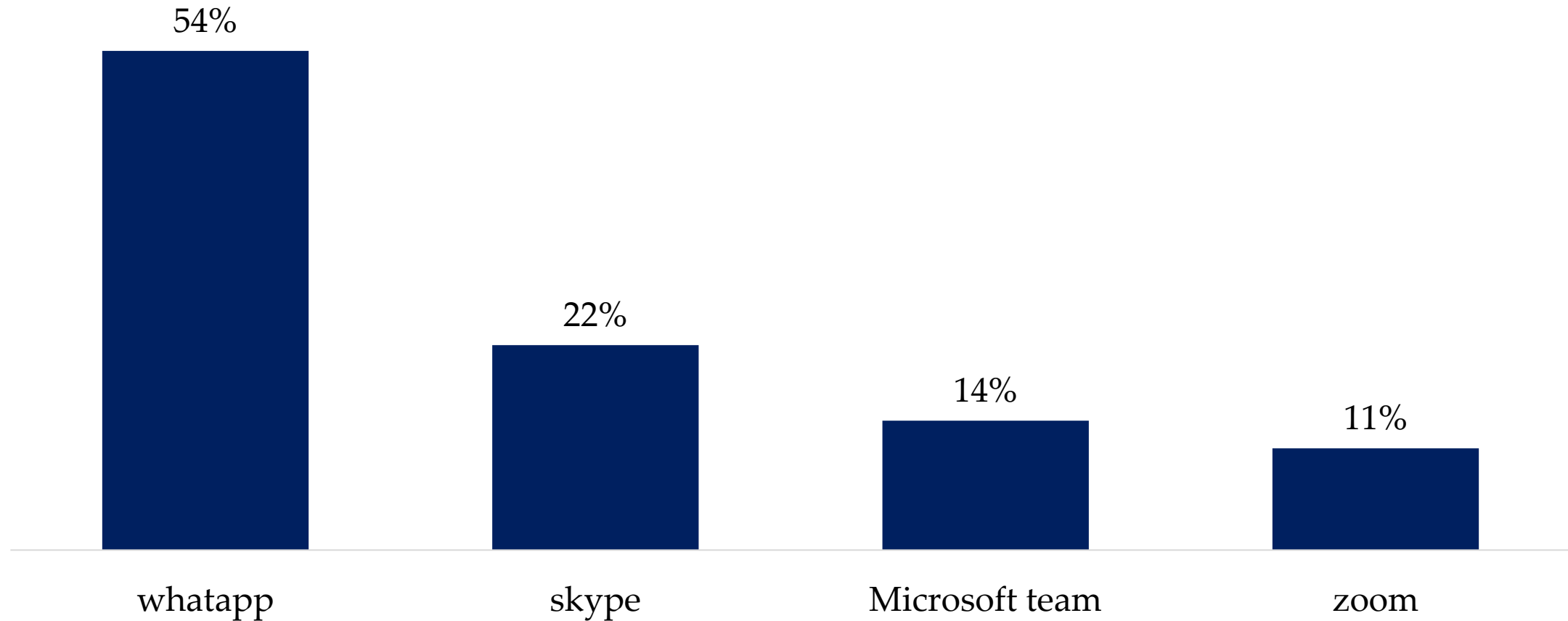
Summary of key findings

- Laptop (90%) is the most used tool when working from home. (22%) personal phone as a tool when working from home. 1% of the participants are using desktops when working from home.

- Non-managerial employees (22%) are using their personal phones as compared to other employment levels.

- TV noise (27%), is the most interruption when working from home.
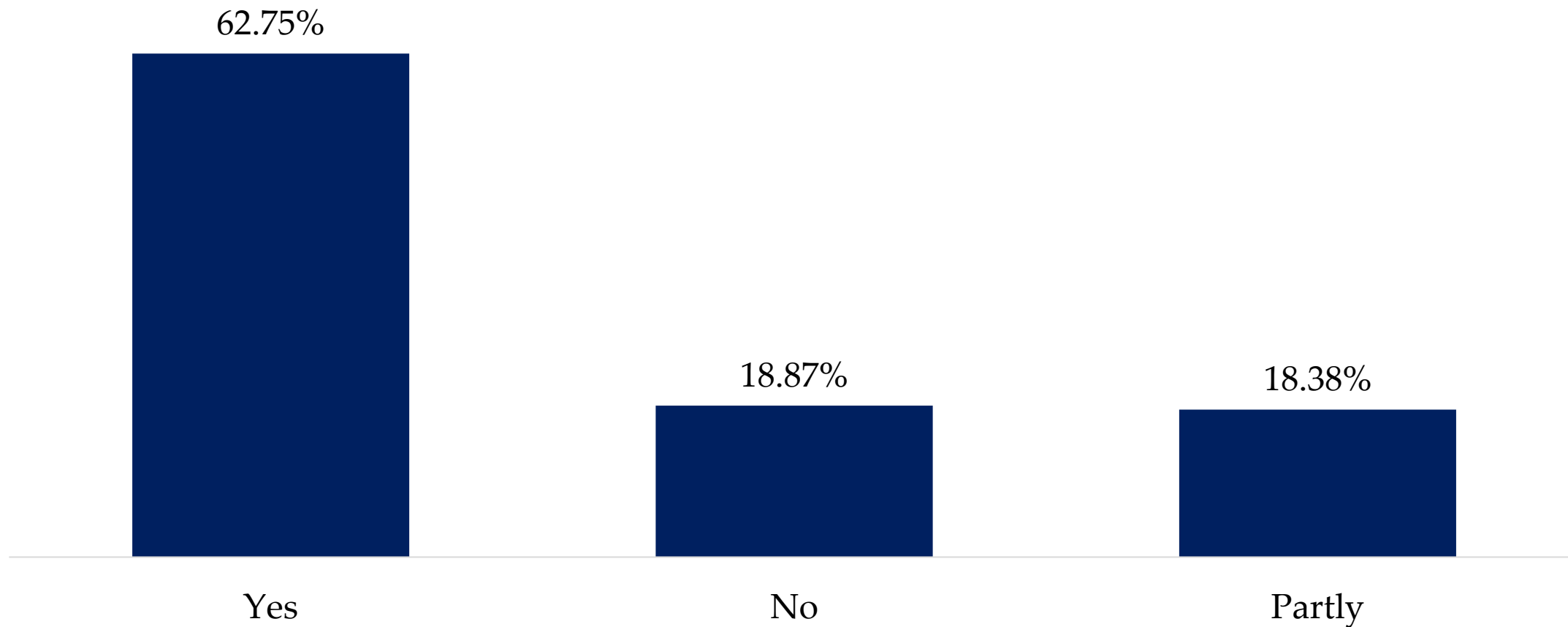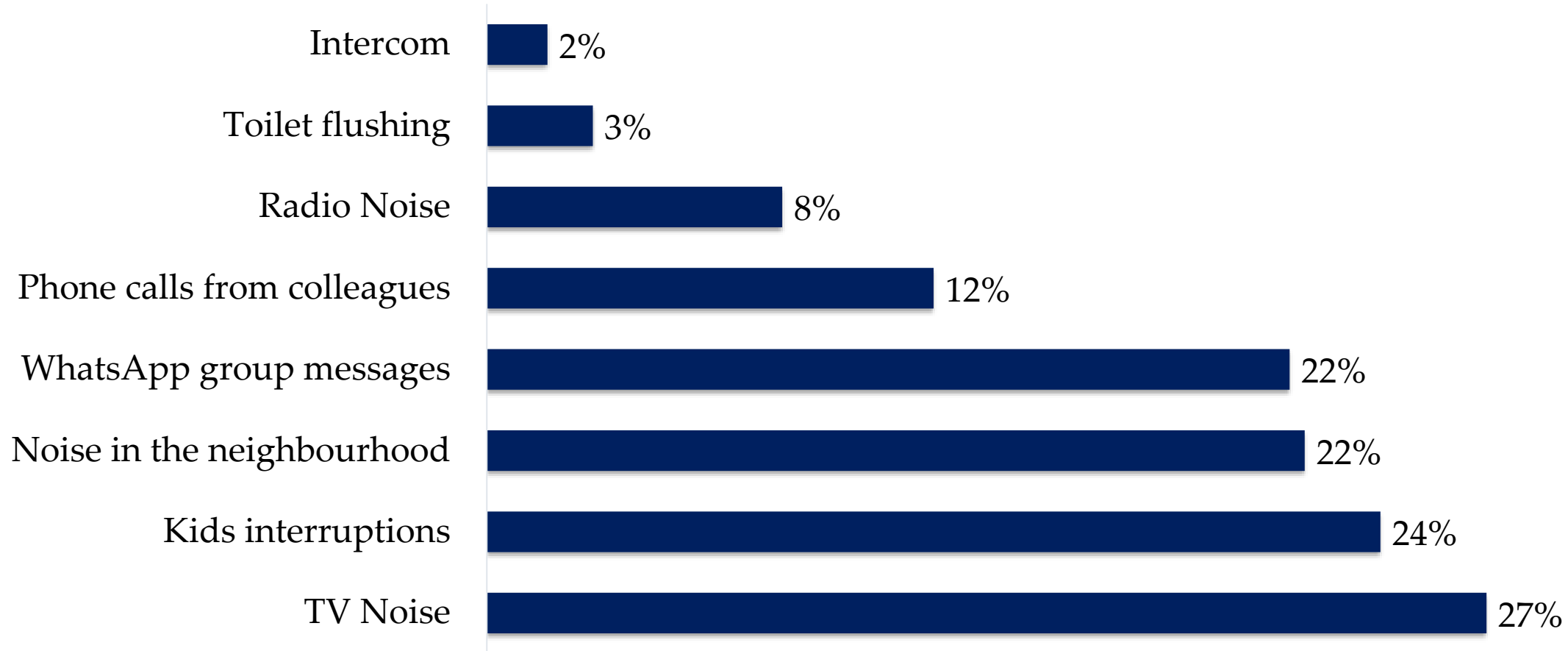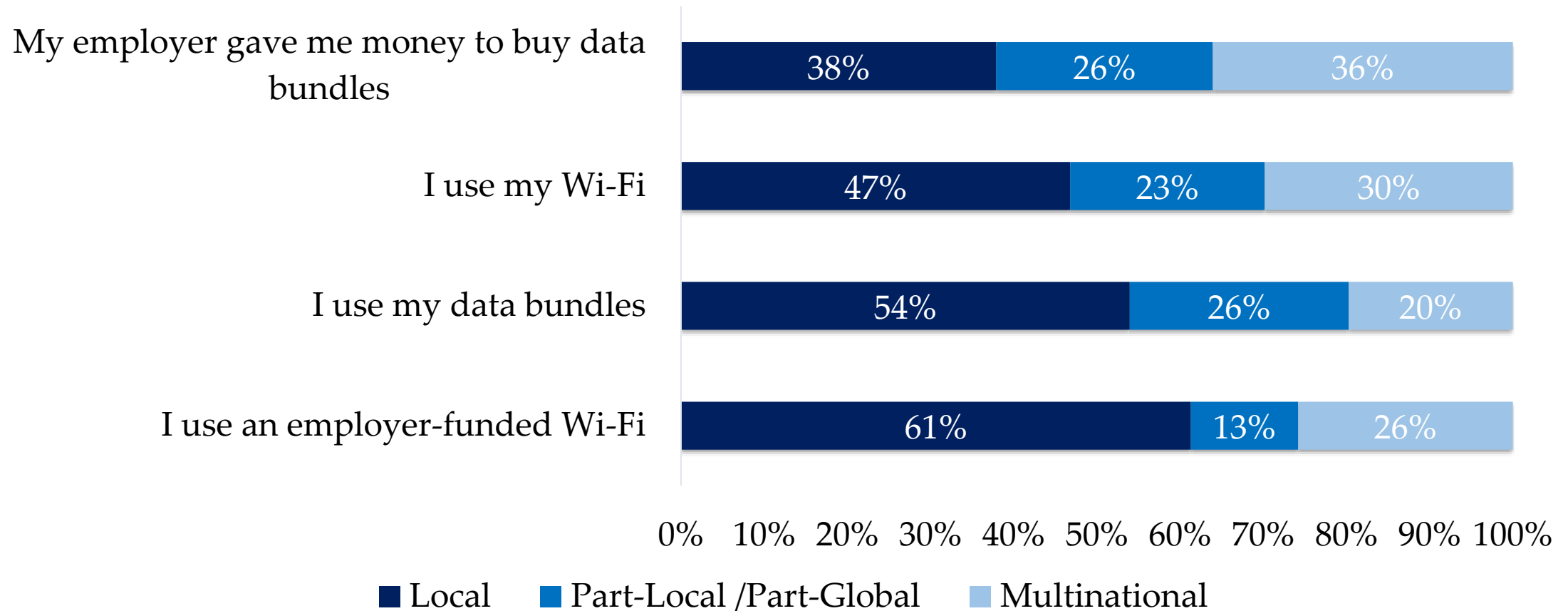
Which app do/did you use the most for communicating with your work colleagues on work issues while working from home?
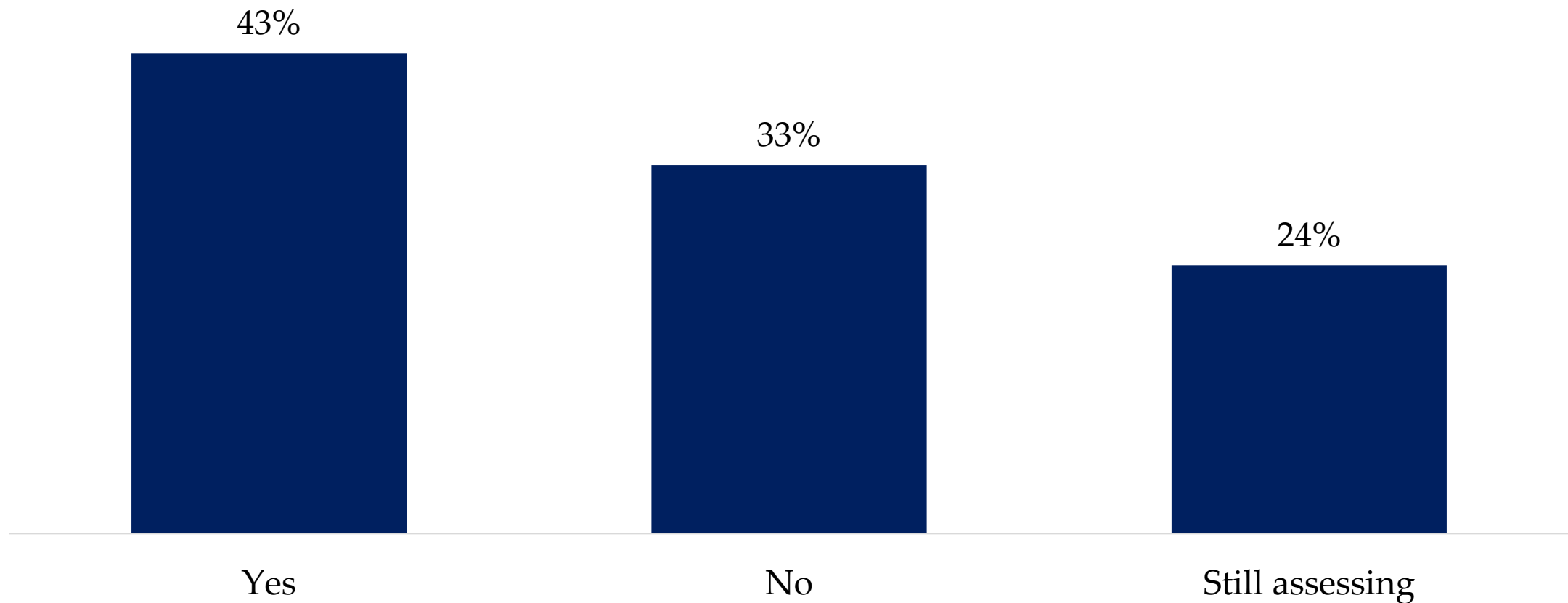
What other interruptions have distracted you from doing your work when working from home?

Category	Percentage
Intercom	2%
Toilet flushing	3%
Radio Noise	8%
Phone calls from colleagues	12%
WhatsApp group messages	22%
Noise in the neighbourhood	22%
Kids interruptions	24%
TV Noise	27%

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Distribution of Wi-Fi by type of company

My employer gave me money to buy data bundles	38% / 26% / 36%	
I use my Wi-Fi	47% / 23% / 30%	
I use my data bundles	54% / 26% / 20%	
I use an employer-funded Wi-Fi	61% / 13% / 26%	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

■ Local   ■ Part-Local /Part-Global   ■ Multinational

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When working from home what do you miss the most from the office?
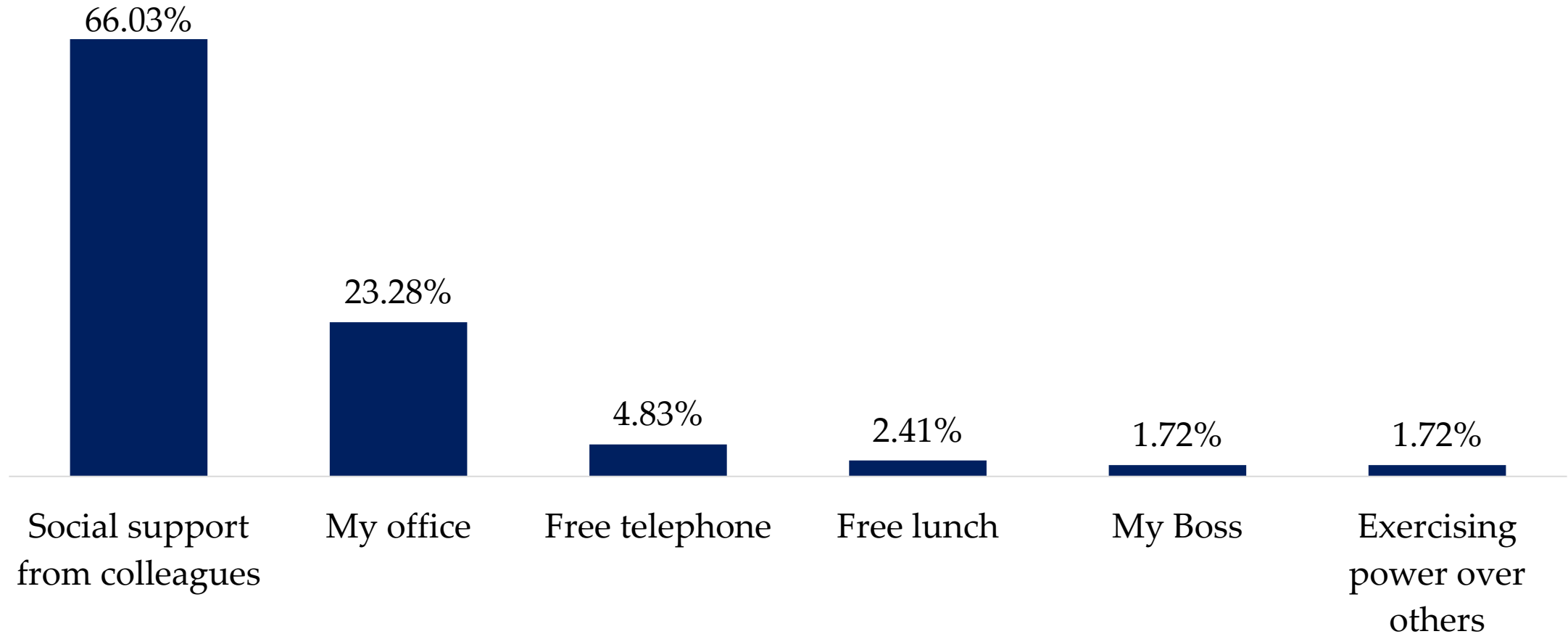
The Insurance Industry

- KPMG in paper called " Operational Challenges faced by insurers as they moved to remote working due to COVID -19 " identifies a number of challenges and possible solutions

The Insurance Industry

- They acknowledge insurance industry is complex and has multiple processes
  - Administer existing policies
  - Price new business
  - Sell new business
  - Renew policies
  - Address customer inquiries
  - Process claims
- The complexity is made worse by the intricate relationship between insurers and external networks e.g. brokers and agents

Shift to remote Work

- A mass shift to remote work has already happened in the industry across the globe

- Across the globe insurers have been found to be ahead in terms of provision of the resources required for remote work { laptops, mobile devices , remote connectivity etc.}

- In all this clear, effective and frequent communication has been found to be the major driver of success

Dealing with Channel Overload

- Globally volume of queries from clients wanting clarification of their policies has increased
- The KPMG reports that in the UK one insurers saw a 1000% increase in customer inquiries, claims and complaints relating to travel insurance.
- Globally a 20% reduction in motor related insurance queries
- Others have assessed where the volume of work is tilted and directed resources in that area e.g. globally insurers have moved people into claims processing
- Transfer staff from motor vehicle insurance to a hotspot like travel insurance
- Checked with IPEC and funeral insurance claims have gone up 5 times more

Digital Optimisation

- Globally insurers with advanced digital underwriting, claims and administrative processes in a stronger position

- Generally turnaround on most administrative processes has been affected negatively by the work form home

- There is a risk of losing customer to more digitally enabled competitors

- In the insurance sector it is estimated that at the peak, most insurers would lose 30% to 40% of their staff to COVID related complications {absenteeism and others issues}

Digital Optimisation

- In order to serve customers well, some insurers globally are "facilitating claims processing by waiving certain requirements and simplifying the paperwork".

- It remains a big challenge to deal with "complex and high value claims where evaluating the physical evidence and obtaining expert reports in person in frequently a key part of the process".

- In developing countries they have employed the use of drones and high imaging technology to help Assessors who are unable to do site visits

- In other countries they do not accept digital signatures {regulatory}

Digital Optimisation

- Some brokers lack IT infrastructure to enable digital connectivity and work sharing { Others have bypassed the brokers and enabling connectivity directly with customers
- Agents, brokers and Financial Advisors face the same connectivity challenges as they work from home

Reality Checks

- Mots organisational systems are not structured to lead virtual teams
- The traditional hierarchical structure will struggle to cope with virtual teams
- Management styles and leaderships models currently in operation are not suited to leading virtual teams
- Generally managers are finding it hard to extend their influence into the virtual work arena
- Employees are finding remove collaboration to be mentally taxing than being in the office

Reality Checks

- In a study of 273 teleworkers from sales, marketing, accounting, engineering and other departments at one organization, Gajendran and Golden found that employees whose jobs were highly complex but did not require significant collaboration or social support performed better when working virtrually than when working in the company's office (*Journal of Business and Psychology*, Vol. 34, No. 1, 2019).

Reality Checks

- "The research has generally shown that for most outcomes, remote work leads to small but tangible benefits," says I/O psychologist Bradford Bell, PhD, professor and director of the [Center for Advanced Human Resource Studies](#) (CAHRS) at Cornell University. "Employees who telecommute tend to be slightly more satisfied, and their performance tends to be the same or a little higher."

Questions