Change and Transformation
Mark Zorbas
Principal, Heidrick Consulting
We focus on the human aspects of complex business challenges
The digital transformation challenge...

• Majority of digital transformation efforts fail to achieve their objectives

• Some of the biggest hurdles to accelerating value from a digital transformation are the human elements – leaders, teams and culture
Global Trends & Challenges

- Energy sector - pressure on commodity pricing and negative investor sentiment
- Ongoing global supply chain disruption – geopolitical, economic, social
- ESG – sustainability is now part of doing business and the supply chain strategy
- Digitalization and innovation – connectivity, supply visibility, big data analytics
- All businesses are competing to be more agile, innovative and digitally enabled
Never let a good crisis go to waste.

- Winston Churchill
In Today's Digital World – Haves and Have-Nots

**The END OF AVERAGE**

Ref: Hewlin and Snyder, 2019
How did you go bankrupt?”

“Two ways. Gradually, then suddenly.

- Ernest Hemmingway, Author
How innovative and digitally ready is your organization?
### DAQ: Global Research Findings

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mobilize</strong></td>
<td></td>
</tr>
<tr>
<td>Strategic Sponsorship</td>
<td>Digital vision is clearly defined, sponsored by top team and linked to goals</td>
</tr>
<tr>
<td>Digitized Journeys</td>
<td>Customer-focused digital journeys, delivering competitive advantage</td>
</tr>
<tr>
<td>Empowering Leadership</td>
<td>Strong digital expertise, invigorated leaders that prioritize and experiment in alignment with the digital vision</td>
</tr>
<tr>
<td><strong>Execute</strong></td>
<td></td>
</tr>
<tr>
<td>Process Adaptation</td>
<td>Processes shaped and aligned with built-in flexibility to support digital initiatives</td>
</tr>
<tr>
<td>Structural Fluidity</td>
<td>Flexible, fluid structure that supports balanced distribution of digital resources and optimal staffing for digital initiatives</td>
</tr>
<tr>
<td>Digital Capabilities</td>
<td>Diverse digital talent and capability, with performance management aligned to digital transformation</td>
</tr>
<tr>
<td><strong>Transform</strong></td>
<td></td>
</tr>
<tr>
<td>Co-Creation Currency</td>
<td>High levels of cross-functional collaboration and focus on team over individual performance</td>
</tr>
<tr>
<td>Speed to Innovate</td>
<td>Applying test soon, fail fast principles to support development of new digital initiatives</td>
</tr>
<tr>
<td>Technology Adoption</td>
<td>Sophisticated technology roadmaps and data democratization, accessible technological support</td>
</tr>
<tr>
<td><strong>Agility</strong></td>
<td></td>
</tr>
<tr>
<td>Adaptive Culture</td>
<td>Self-motivated, entrepreneurial culture that fosters openness and moves at pace</td>
</tr>
<tr>
<td>Continuous Learning</td>
<td>Ongoing learning and development approach and upskill and build digital learning capabilities</td>
</tr>
<tr>
<td>Supported Change</td>
<td>Appropriate change management and communications approach support to digital initiatives</td>
</tr>
</tbody>
</table>

**Heidrick Consulting**

- Accelerating (≥70%)
- Advancing (60–69%)
- Steady, (50–59%)
- Lagging (40–49%)
- Derailing (≤39%)
What are the biggest blockers/challenges to digital acceleration in your business?
Research Showed Accelerating Organizations, Team and Leaders

*Mobilize, Execute & Transform with Agility (META)*

**MOBILIZE**
... inspire aligned action based on a compelling ambition and purpose and a simple set of strategic priorities

**EXECUTE**
... fully harness and streamline resources to consistently deliver excellence in the core business

**TRANSFORM**
... experiment and innovate to create new growth engines and to reinvent existing businesses ahead of the market

**AGILITY**
... spot opportunities and threats, adapt and pivot at a faster pace than competitors to create competitive advantage.
What does Agility look like?

**Leaders:**
- Open minded
- Curious
- Self-aware
- Courageous
- Resilient
- Flexible
- Collaborative

**Teams:**
- Distributed leadership
- Robust challenge
- Vulnerability-based trust
- Adaptable
- Stakeholder influence
- Learning
- Shared accountability

**Organizations:**
- High trust
- Transparency
- Open communication
- Customer focused
- Reduced complexity
- Cross functional corroboration
- Less hierarchical
Organizational Change and Transformation

Creating an innovative and agile culture starts with leadership

- How leaders act & behave
- What leaders pay attention to or ignore
- How decisions are made
- What gets rewarded and what gets punished
- How leaders communicate
- How resources are allocated
- What systems and processes are created
Critical Success Factors for Driving Organizational Change

• Owned and driven within the business not assigned to a special group or consultants
• Genuine senior leadership commitment, alignment and accountability for the change
• Compelling purpose and story
• Clear plan for developing required individual, team and organizational capabilities
• Openly address fears and concerns honest and upfront
• Two way communication (feedback loops) to prevent rumors and face to face over email
• Metrics to track progress and impact communicated up and down the organization
Digital Transformation in Established Companies

1. **Pursue “Big I” and “little i” Innovation**
   - Empower employees for little i to build a culture of innovation
   - Protect Big I from the weight of the core business

2. **Use Your Data as Currency**
   - Fuel and attract innovation by sharing data assets

3. **Accelerate Through Innovation Networks**
   - Create ecosystems to tap into external innovators

4. **Value Talent Over Technology**
   - Close the Digital and Innovation Leadership Gap

5. **Reframe Your Purpose**
   - Attach innovation to a higher purpose

6. **Deliver Step Change Customer Outcomes**
   - Leap beyond the current industry value curve

Reference: Goliath’s Revenge, Hewlin and Snyder Wiley, Q1 2019
Questions?