A question of survival

How to manage a digital transformation process to secure your organisation's future

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Digital transformation: a CEO's priority

A fusion of technological developments, portrayed as the fourth industrial revolution[1], has radically changed the way we live. In today's volatile, uncertain, complex and ambiguous (VUCA) business world, these developments are transforming the way we work.

Every organisation is striving to use digital technology, mobile devices and data analytics to find newer, faster and cheaper ways to do business. Structural and process changes are needed to support the necessary levels of agility and innovation. Above all, new employee competencies have become essential if organisations are to compete and survive. These competencies have little to do with technical proficiency - and are not related to age. Your employees now need specific behavioural skills to manage information, share knowledge, change priorities quickly and work effectively in a modern workplace.

These new 'digital' behaviours differ from the skillset previously required to succeed at work. This whole challenge of up-skilling your employees and adapting your internal processes is known as digital transformation. This is now priority for CEOs. A total of 87% of companies claim that digital transformation offers a competitive opportunity[2]. Twenty-seven per cent of senior executives believe it is 'a matter of survival'[3]. If your organisation does not transform digitally, it risks being disrupted and superseded by competitors.

This paper explains how organisations can achieve digital transformation in six steps. It introduces a new digital competency model and highlights how you can use this to assess the 'digital readiness' of your employees. It also outlines the implications of digital transformation for leadership, employee development, organisational development and recruitment.

11 competencies for digital readiness

After three years of research, development and validation, Aon have introduced a new model of digital competencies required by today's employees.

Importantly, in a VUCA business environment, a key success factor for today's employees is how quickly they can learn to adapt to changing circumstances. For many roles, there is no handbook, as jobs are constantly evolving. Our research highlights that three particular competencies are now core for every organisation. These are:

- **Learnability** - the desire to develop and improve.
- **Agility** - the capability to adapt quickly and effectively.
- **Curiosity** - being open to change and also inquisitive and enthusiastic about new approaches and initiatives.

By assessing for these competencies, you can find out whether an individual 'prefers' to work in a way that supports digital transformation. This is important as their behavioural preferences will underpin their actions. Importantly, if your employees achieve a low score on these three core competencies, they are unlikely to feel comfortable in a digital workplace. If they are uncomfortable with the new requirements and expectations of their role, they are unlikely to be fully effective.

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1 The first industrial revolution (epitomised by the steam engine) was followed by mass production (electric power) and then the rise of computers in the 1980s (information technology). https://en.wikipedia.org/wiki/Fourth_Industrial_Revolution
2 Capgemini (2017) https://www.capgemini.com/wp-content/uploads/2017/10/report_the-digital-talent-gap_final.pdf
3 MIT Sloan Management Review (2013) https://sloanreview.mit.edu/projects/embracing-digital-technology

Although these three competencies are key in our model, eight others are also important. These vary according to the job in question. Depending on the role or the seniority of the position, different degrees of competence in these areas will be required. These eight supporting competencies are:

- **Drive to succeed** - proactively taking initiative and following through to accomplish objectives.
- **Handling data** - evaluating situations and analysing information to form data-driven decisions.
- **Strategic solutioning** - solving problems creatively and balancing the needs of all stakeholders.
- **Business acumen** - understanding the business and the needs of customers and developing new opportunities.
- **Virtual collaboration** - inspiring and interacting with others remotely and working together towards common goals.
- **Digital communication** - communicating, influencing and maintaining a rapport with others via technology.
- **Mental endurance** - resilience and the ability to cope with pressure and setbacks.
- **Coaching mindset** - supporting the development of others and motivating them through feedback and encouragement.

Some of these are new versions of established competencies. For example, the ability to collaborate with others has always been important in organisations. However, there is a subtle but sizeable difference between the behaviours required to achieve this through technology, as opposed to doing it face-to-face.

This model details the 11 competencies that your employees need if they are to succeed in the digital future. No matter how technology changes or jobs evolve, these competencies will help your employees adapt and thrive in a digital world. Therefore, they should form the foundation of any digital transformation programme. They provide a framework that can help you to instigate a whole new way of working.

Evolution of our digital competency model

Our model of digital competence has evolved since 2015, after extensive research, development and validation. Initially, we grouped 12 important competencies into four areas: explorer; thinker; socialiser; and achiever. These are profiles used by gaming companies, as we initially saw similarities between the underlying demands of digital working and online multiplayer gaming. After evolving our model, we extensively validated our assessments to ensure they accurately identify the current 11 competencies and predict whether an individual is digitally ready.

Assessing these competencies

The 11 competencies in our model are not easily measured by conventional selection processes. It is difficult to use a person's education, their past experience or even traditional assessments to predict how successful they will be in a digital role.

We have created a solution by modifying a personality questionnaire and a cognitive 'executive attention' ability test. These assessments can reveal an individual's proficiency in each competency, as well as their overall strengths and their areas for improvement. In other words, they provide an accurate and objective assessment of an individual's digital readiness.

Six-step action plan for digital transformation

HR and talent teams acknowledge the importance of digital transformation. However, some are unsure where to start. Here is a six-step plan for achieving digital transformation in your organisation:

1. Assess and develop your leaders. Courageous leadership is required to drive digital transformation. Leaders must understand how the work environment is changing and exactly what digital readiness means for their organisation. They should also understand how their behaviour can inspire digital working and support organisational success in a VUCA environment.

Assessing your leaders against the required digital competencies can help them to identify any skills gaps and create a development plan for their own improvement. Your leaders should be the catalysts for, and role models of, successful digital working across your organisation.

2. Assess and up-skill your existing employees. Successful organisations will be those best-placed to adapt and respond quickly to emerging market opportunities and the changing needs of customers. Hard and soft skills lie at the heart of this.

'Hard' skills include the specialist technical skills required in leading-edge roles, such as data scientists, AI experts, cognitive technologists and analytics officers. These roles will play an important part in the digital transformation of organisations.

While hard skills are restricted to certain roles, all employees will require new 'soft' skills. For example, they will need to connect with others, collaborate in different settings and liaise with different stakeholders. Due to the fact that the competencies required for this are behavioural and not technical, it is likely that many of your employees will already have them.

The challenge is to assess your existing staff against the required competencies which are identified in our model. You can then create targeted development interventions to address any competency gaps.

Best practice is to start with key areas of your business or specific departments. For example, you might identify that you need agile coaches or agile project managers to drive your digital transformation. You could then assess existing trainers and project managers to see who could potentially help you with this. By doing this, you can establish a **heat map** of the digital skills - and the skills gaps - in your organisation. This will reveal the key digital learning needs that exist across your organisation.

By developing your employees against the required digital competencies, you can move your organisation forwards using its existing workforce. Knowing where your talent gaps are will enable you to prioritise the hiring of new staff.

If any individuals do not want to develop the required behaviours, move them into roles that are currently less reliant on digital skills. Assessing them will help to reveal their strengths, so you can determine which jobs will suit them best.

3. Change your recruitment process. The essence of good recruitment is to match the person to the job. Our digital competency model highlights the qualities required for success in future job roles. Best practice is to modify your employee selection process in order to recruit candidates who are strong in these competencies.

In other words, when you are looking to bring in new staff, make sure you recruit people who have a preference for digital working. This is particularly important when you are recruiting apprentices, graduates and other early-stage talent.

To achieve this, you may need to redesign your job roles to reflect the required new behaviours. You may also need to train your hiring managers to conduct competency-based interviews.

Changing the type of person you recruit will, in time, change the culture of your organisation and facilitate new ways of working and thinking.

4. Initiate intelligent digital processes. New work practices, systems, processes and workflows should be developed which support digital working, agility and innovation. Any previous practices which encouraged counterproductive behaviours (such as silo-based working) should be scrapped or updated.

Aspects, such as compensation and performance management, may need to be redesigned across the organisation to recognise and reward the required competencies. Behaviours, such as empowering others, collaborating, welcoming ideas and proactively making improvements, should all be encouraged and supported.

5. Promote cultural acceptance. Leadership teams should set a clear vision of how digital transformation will be undertaken and how this will benefit the organisation. To facilitate this, your organisation's culture should acknowledge the importance of digital skills - and digital working - at every job level. Aim to foster a culture in which digital working can thrive.

6. Provide HR support. Ultimately, digital transformation will only succeed through employee development and recruitment. These aspects must be managed strategically. HR has a role not only in driving and managing these processes but in supporting the resultant changes throughout the business.

The benefits

Developing your leaders and employees - and recruiting - against the 11 digital competencies will:

- Enhance teamwork, productivity and innovation.
- Improve the efficiency and effectiveness of your operations.
- Enable your organisation to respond quickly to the challenges and changes in your market.
- Help find entirely new ways of meeting the needs of your customers.
- Help disrupt competitors and steal their market share.
- Create a more harmonious work environment.
- Boost engagement, empowerment and employee satisfaction.
- Secure your organisation's future and drive its growth by delivering greater value.

Studies show that millennials want to work for digitally-enabled employers. Therefore, undertaking a digital transformation will enhance your employer brand.

Conclusion

Technological innovations have entirely disrupted the working environment. The need to adapt and respond to these innovations has made digital transformation a priority for CEOs.

The way forward for organisations is to embed a new set of digital competencies. Leaders and existing employees should be developed appropriately against the required competencies. New staff should be recruited against them in order to resolve specific talent gaps. Assessing people's digital readiness can underpin these actions. HR and talent teams should ensure that conducive processes are in place to enable digital working. They should also encourage and foster a supportive culture in which digital working can thrive.

If you are unable to make this transformation, your organisation risks being overtaken and outmanoeuvred by more adept competitors. This is, indeed, a question of survival.

When your digital transformation programme is underpinned by the right competencies, you can instigate a new way of working and secure your organisation's future.

About Assessment Solutions

In May 2017 Aon plc acquired cut-e. Founded in 2002, cut-e (pronounced 'cute') provides online tests, questionnaires and gamified assessments for attraction, selection, talent management and development. cut-e and Aon, as Aon's Assessment Solutions, operate as part of Aon's global offering in talent solutions, helping clients achieve sustainable growth by driving business performance through people performance. Assessment Solutions undertake 30 million assessments each year in 90 countries and 40 languages.

For further information on our capabilities and to learn how we empower results for clients, please visit: assessment.aon.com

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance