Saxton Bampfylde

Humanity at the heart of digital prosperity

Foreword

Over our near 35-year history, Saxton Bampfylde has supported some of the most successful organisations in the UK and further afield, to identify and appoint senior leaders capable of building confidence and utilising their experience in times of change.

During this time, one of the most fundamental changes to stem across all areas of life is the development of digital technology. The embedding of digital practice and experience is increasingly the difference between an organisation's success and its failure. It is a landscape that is changing continually, and perhaps more rapidly than any of us could have anticipated.

When we set out to conduct this research in late 2019, we could never have foreseen the profound impact that COVID-19 would have on the way in which businesses across the globe operate. It is important to note here that while the write-up of this piece took place after the outbreak of COVID-19 in the UK, the majority of the interviews were held prior to the pandemic. In the intervening time, global communities have found themselves facing a time of unprecedented change and challenge, both at work and at home, and we can be sure that no sector will remain untouched as we work to forge a path forward.

Digital technology has enabled multiple organisations to continue or develop a new modus operandi, at least in the short term, as people across the globe grapple with working at home. Without technology there is very little doubt that this would have been possible or even imaginable. However, no matter how advanced, accessible and collaborative the technology available, people are, and still remain, the most important asset of an organisation.

It is the responsibility of a leader to guide their organisation forward, more so in times of change than at any other junction. And that call to arms has perhaps never been so strong as now. While the full impact of COVID-19 is unlikely to be realised for many months, or perhaps even years, it is vital that those people are led well and supported to achieve the core ambitions of the organisation. There are opportunities here too, and leaders must be prepared to guide their organisations forward to embrace these.

Through this report, we intend to examine the extent to which digital success and the human elements of a business are mutually inclusive, and how leaders can drive their organisations forward to ensure the correct balance is found.

The theme and topics covered are more relevant in our current and future climate than we could have anticipated. It has been a thoroughly interesting area to explore and we do hope that you will find this piece thought provoking.

We would like to express our sincere thanks to our contributors for sharing their thoughts so candidly. Any feedback on the themes explored and the insights raised would be warmly welcomed.

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Humanity at the heart of digital prosperity

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01

Let's get digital

Integrate or stagnate

"Digital innovation is no longer a nice to have: it's an absolute must have."

A multitude of factors can influence an organisation's drive to adapt and integrate new technologies from driving efficiencies, cutting costs or a need to operate across sites, be that globally, regionally or to facilitate staff working from home.

Many of those to whom we spoke suggested that this has established an expectation of *'digital by default'* and subsequently there is a huge pressure on organisations not only to offer a strong digital offering for customers, but to have that reflected in the internal culture. We have technology closely integrated across most aspects of our home lives – from voice activated home hubs and digital heating systems to smart watches and mobile phones – yet all too often the workplace is unable to live up to these expectations.

There is, then, a latent need to match up with the consumer expectations of modern business. Digital companies and the way that they provide customer service are changing the expectations of people from the ground up.

Recognising the importance of being able to compete – both in terms of efficiency and an enhanced customer experience – is just the beginning of a complex and nuanced road for many organisations, however.

"You can't say you're not involved in digital innovation anymore – you either choose to be part of it, or you choose to ignore it. But you ignore it at your peril."

"Customers want simple, seamless and efficient systems."

The walls don't just come tumbling down

"You can't just flick a switch and move to a new world."

Without exception, our interviewees agreed that digital innovation is a key strategic priority for their organisation. That being said, no individual was comfortable that they have got it absolutely right yet, and nor could they indicate any other organisation that has wholly managed to achieve this goal.

While many are certainly making strong progress with certain elements of digital integration, there is inevitably something that lets them down, be that the cost of replacing a legacy IT system, a reluctance from staff, the executive team, or the board to embrace change, or simply the rapid rate of technological advances making it impossible to keep up.

For example, many of our interviewees were completely bought into the importance of the digital piece but felt unable to escape the shackles of *'the burden of legacy technology'*. This was a point that was particularly highlighted for organisations with long histories and therefore firmly established ways of working, processes and systems. The cost of overhauling layers of internal systems were, in many cases, prohibitive: *'we have to weigh up the cost of replacing legacy systems against the client benefits.'*

Many also cited issues with government or regulatory support as significant barriers to entry, something that was particularly highlighted in more heavily regulated sectors such as financial services or utilities: *'it is hard to work in a digital, fast, experimental way within our current governance and regulatory framework'*. In some instances, it was suggested that regulation is so heavily focused on customer outcomes that inward investment in internal processes is overshadowed or pushed further down the agenda. This is however certainly a focus of attention for many regulators as they work to develop their relationships with industry.

Significantly, the resource issues highlighted go beyond the financial. Instigating change of any type, whether that be digital or structural, requires careful planning for it to be truly beneficial and able to deliver real value-add to an organisation. One interviewee summarised this: *'you have to go through and map out work processes, considering how each person will use the tech'*. However, all too often, and particularly in well-established organisations, people just *'get on with it'*: they don't ever have the chance to stop and take time to understand how their processes work as they are too busy enacting them.

"Digital innovation is important to us for two reasons: one is to get costs down, and the second is to create such an engaging and compelling customer experience that they stay with us and don't go anywhere else."

"If you can't do it digitally, you are not in the game."

It is, of course, often argued that having the agility to adopt innovative new ways of working through digital technology is the preserve of technology companies, start-ups or fintechs. Indeed, it can be *'very difficult for traditional industries to compare themselves with the big tech firms'*. The companies most commonly cited as doing technology really well – the likes of Uber, Amazon, Airbnb or digital banks such as Starling and Monzo – have been able to take their customer offering and turn it on its head. They operate in a fundamentally different way that challenges the norm for their industry: *'they don't do what organisations were already doing, but slightly better, they have a fundamentally different customer proposition'*. There is a level of flexibility that comes with not having to think about the expectations of existing customers when establishing an organisation's core values and proposition. There are, however, always learnings that well-established organisations can take from the way in which newer companies operate, whether that be indirectly through studying their ways of working or directly through hiring cross-sectorally or bringing in experience at senior executive or board level.

Integrating new technologies, while often hugely beneficial to organisations and their people, is clearly never a straightforward task. It is, naturally, always a process. Leaders must have a clear understanding of where they want to get to and test every decision along the roadmap against that vision. And this requires an acceptance that for a while at least, they may have to work around technology that isn't exactly as they might desire it to be. The reality is that often the journey to realise a business plan and achieve an organisation's goals is rarely ever a straight line. Indeed, one interviewee framed it in the context of a trip home on a Saturday night after a few too many drinks: *'it takes twice as long and twice as much money as you ever thought it would!'*. This notion of the resilience and flexibility increasingly demanded both of leaders and their teams is something that we will return to later in this report.

"The longest pole in that innovation piece will be the technology delivery to make it happen."

An unprecedented catalyst for digital innovation

"The digital revolution is just that: it is the next iteration of the industrial revolution."

As we write, every organisation across the globe is undergoing an enforced and unpredicted journey to adapt to protect both their people and their long-term viability. This has meant putting into place measures many have considered for a number of years without having the capabilities, or in some cases the courage, to truly embed them. As a result of social distancing measures and mandated home working for many, businesses have had to swiftly implement flexible working strategies, building remote meetings, off-site data and file access, and efficient digital communications into their everyday lexicon.

Rather than this being a short period of exception, it is anticipated by many that this will lead to a *'new normal'*. Many organisations are reflecting and using this time to understand how and why they can and need to change in the future. It is expected that organisations will soon find ways of working that don't necessarily require all roles to be office-based as they once were. As a result, digital transformation has been pushed to the fore.

COVID-19 can readily be viewed as a catalyst for a change that was already well in the pipeline, albeit perhaps an expedited version compared with that which would have otherwise been enacted.

While digital innovation undoubtedly presents huge opportunities for many organisations, its potential impact can also be a source of fear or trepidation for some. Change can be exciting, however unless managed properly, leaders may find that digital innovation and capabilities are perceived more as a threat to the established order and human capital. This is a challenge that senior leaders must be prepared to embrace in order to see their organisations emerge in a viable state as a trying time begins to ease.

01

Key insights

- Companies unshackled by historic ways of working or legacy technology – start-ups and tech firms for example – often find that agile ways of working come more naturally.

- However, more established organisations are increasingly finding ways to borrow techniques or take on learnings, whether that be through cross-sectoral hires, board level experience or simply studying ways of working.

- Regulatory framework and a perceived lack of governmental support were highlighted as significant barriers to entry, particularly in sectors such as financial services or utilities.

- Consumer expectations of customer service have been changed fundamentally by the integration of digital technology and there is a pressing need for organisations to work hard to match these.

- To integrate new technologies requires strong leadership that is able to clearly visualise where the organisation wants to be. Every decision along the way must be tested and assessed against this vision.

- The global outbreak of COVID-19 has, for many organisations, rapidly accelerated the adoption of digital innovation and new ways of working.

- This is not a new phenomenon, however: digital has been at the top of the agenda across the vast majority of sectors for many years. Rather, the pandemic has served as a catalyst for change.

02

A changing
culture of humanity

Are we letting the robots take over?

"Digital innovation has three parts: people, processes and technology. And the technology is the easy bit!"

While there is real excitement around the opportunities that digital technologies can present in terms of driving efficiencies and reducing administrative tasks for example, there is sometimes also a sense of trepidation that comes with innovation or the introduction of widespread change. Often, argued many of our interviewees, this is more a fear of the unknown or of change, rather than of the technology itself.

Often, this stems from lack of understanding, awareness or knowledge and the most crucial thing for a leader to do is to deal with those gaps. Once the element of the unknown is removed, change can be viewed as either a risk or a challenge. As one interviewee phrased it, *'risks can be mitigated, challenges can be overcome'*.

"That fear of change is unfortunate, because we really need change to come from the people at grassroots, from those who are interacting day-to-day with our customers."

It is therefore essential that leaders take forward their team on the journey through significant change: employees have to be fully bought into the process. If a new piece of technology is presented as being able to do an employee's job for them, it will be perceived as a threat. Rather, if it is instead presented from the point of view of what the customers want and need, or as a means through which to remove unnecessary administration or bureaucracy from an individual's role, then the message becomes easier to understand and process: *'you have to present change to people from the customer back, rather than the technology forward'*.

"AI isn't some evil robot that's going to eat the world."

Strong leadership is vital then, particularly in times of change, and much of this stems from the way in which leaders communicate with their people. The role of a leader is to help their team negotiate this challenge and to do so they must first recognise that people remain the most vital asset for any organisation, regardless of the technology available. An organisation could have the most modern technology in the world at its fingertips, but if its people strategy isn't right then it will likely fail to thrive.

"The rate of change has been difficult for our people: we're a very well-established company and people are terrified of breaking something that works!"

Reframing the change

"We know that this change is a reality, but it's a positive reality. It's about reframing the change."

For most organisations, one of the primary stimuli for introducing new digital processes is a desire for efficiency and simplicity. If processes can be streamlined and unnecessary bureaucracy or administrative tasks automated, then tasks inevitably become more effective and accurate. This leaves individual team members with greater capacity to deliver value-add services, for example direct relations with customers. The aim then is not cutting jobs or removing services, but rather *'taking away some of the tedium'*.

For some, internal systems were a source of some embarrassment even: *'We're a bit hypocritical – we're trying to give our customers the ultimate digital experience, but we've got employees saying that the tech they have available to them isn't at the right level for them to do their job efficiently'*. We have previously explored some of the key blockers to organisations being able to fully embrace digital innovation – cost, time, flexibility of the organisation – however it is clear that leaders are keen to explore and establish solutions to the best of their abilities.

"If we do this correctly, we can remove some of the much more tedious parts of the job and transform frontline roles into much more interesting service and sales tasks."

"We don't want to
take away human
decision-making,
we're just making
it quicker and
more reliable."

"People will always need human interactions."

These things take time and cost money, however. There is rarely going to be a sudden or overnight change to the way an organisation fundamentally functions. Indeed, many of our interviewees reported using mechanics such as natural attrition, redeployment of skills and upskilling to move people around rather than using redundancies to reshape a team where human talent is supplemented by artificial intelligence or digital systems rather than replaced.

There can be huge benefits to be reaped from allocating boring, repetitive or predictable tasks to AI systems, however there will always be a need for humans, even in the most tech-focused of organisations. Many of the leaders with whom we spoke highlighted these *'man-machine partnerships'* as being vital for success going forward: *'it's all very well having a digital strategy, but pure digital I question. I think it has to be digital combined with the human side of things. If you're too much human and not enough digital, or equally if you're too much digital and not enough human, that's where I expect problems to arise'*. Digital technology of course offers huge opportunities: if programmed correctly, a computer can perform a task perfectly 24 hours a day, 52 weeks of the year. Humans on the other hand are *'very good at looking at information and assessing if it's right, if it has the right feel to it, if it's doing what we want it to do'*. As such, there is a clear recognition that *'technology is not an end in its own right'*, something that we will go on to discuss in Chapter 4.

There is merit to framing the process of moving individuals around an internal team as *'reskilling'* rather than upskilling. It is, more often than not, a process of moving individuals sideways within organisations and, crucially, not one whereby they are pushed out. As a result, leaders are able to tackle one of the fundamental challenges of any process of change: concern about *'skillsets no longer being relevant'*.

Organisations must now be smarter and more flexible about how they hire, release and reallocate employees, but the most successful will always retrain and reskill internally to maximise both talent and organisational allegiance.

"If all of the processing can be done digitally, that creates more time, more space for the human."

Bending to accommodate: flexibility in the workplace

Flexibility, agility, resilience. Each of these words carries huge weight in a world facing up to the challenges and implications of COVID-19. Leading teams remotely became an overnight necessity as vast swathes of the workforce shifted to working from home and juggling the increasingly blurred boundaries between professional and personal lives.

At the time of conducting our interviews, many organisations stated that while remote or flexible working was something they recognised was increasingly becoming a priority for current and prospective employees, it simply wasn't part of their offering, whether that was down to legacy IT systems, out-of-date technology such as an inability to provide laptops, or a structure internally that just didn't have the flex built in to allow people to work from spaces other than the office. Many highlighted that this was a key priority, however the business case must be proved: it cannot come at the cost of inter-personal relationships within the organisation.

For some, remote working represents a fundamentally uncomfortable way of doing business: it doesn't fit with how things have always been done. There is a level of ambiguity that agile and flexible ways of working has introduced to the world of work: an opacity that leaders are having to rapidly adapt to. Resilience is being tested to extraordinary levels, from the way leaders and their teams deliver their functional responsibilities to how they manage pressures both in work and personally.

Digitally enabled workplaces can result in both a blurring of work-life boundaries, however, something that many of those experiencing home working for perhaps the first time in the wake of COVID-19 have now begun to note. Employees are not necessarily able to disconnect work time from home time fully, which has given rise to the *'invisible work'* phenomenon or the *'tyranny of instant messenger'* as one interviewee dubbed it, frustrated by their phone buzzing with messages through our interview.

"Things that you might expect, such as flexible or agile working, we haven't been able to integrate until now."

"Lots of people want to be agile, but we can't have a cookie cutter approach."

As we slowly adjust to this 'new normal', new pathways forward must be forged. There will never be a one size fits all answer to how much it is appropriate for people to work in the office or at home from organisation to organisation, or indeed from individual to individual, and that requires *'a level of judgement from leaders that hasn't been required before when everyone would just turn up every day, Monday to Friday, 9-5'*. Leaders need to be able to trust employees to complete their work without micromanagement or detailed knowledge of the way in which the job is being done.

It perhaps goes without saying that something has shifted irreversibly in the world of work in the wake of the COVID-19 pandemic. For some, this may mean the end of a traditional office-based role. Indeed, one of the individuals to whom we spoke following the outbreak indicated that while prior to the pandemic their business had been reviewing office space, this is no longer a priority: *'we could easily grow to five times the size without needing to upscale our physical premises'*.

This is a concept that has been present in some sectors for a number of years. As we have already explored, younger companies are often more able to work in an agile or reactive way and the tech sector was highlighted repeatedly by interviewees as talking a lot about *'evolving work practices to move away from hierarchies and office space'*. By flattening internal structures, organisations that embrace an 'agile' way of working are able to work towards a common mission.

There are of course also huge benefits to be found in remote or digital working. The increased flexibility and lack of commuting time is better suited to those juggling work with a family or additional responsibilities. It is well-suited to individuals who are naturally more entrepreneurial in character and who therefore find managing their own time empowering. Not requiring physical attendance at an office furthermore opens opportunities up to a more diverse workforce for whom a traditional office environment might be challenging or require special adaptations. One of our interviewees summed it up: *'working in a digital environment is empowering and liberating ... it's a much more inclusive way of working'*.

Teamwork makes the dream work

One of the core concerns raised by interviewees was how to build a productive and efficient team across locations or without team members being based from a single office, an increasing trend that has no doubt become a more central concern with teams broken up by the social distancing measures introduced since the COVID-19 outbreak.

Remote working has increasingly become the norm, causing organisations to rely more than ever on video conferencing and digital collaboration tools for communication. Apps such as Teams and Skype have witnessed unprecedented demand, with Zoom downloaded 2.13m times globally on 23 March 2020, the day the lockdown was announced in the UK– up from 56,000 a day two months earlier[1]. While much of this technology is being used for work purposes, there is overwhelming evidence that it is the human interaction individuals are missing most while working remotely. New and different ways of gaining social contact – such as the Houseparty app – are being developed constantly and are only increasing in popularity as people seek to maintain contact with colleagues, friends and family members. Indeed, many organisations have issued advice urging employees to take time each day to check in directly with a variety of colleagues to ensure they are coping if working remotely.

While for many, video conferencing software presents a welcome opportunity to connect face-to-digital-face with others while working remotely, for others it may well be a source of anxiety. Details that may seem insignificant to some – the background of a call, body language on camera, physical appearance or background noise – may cause individuals to feel judged or under greater pressure and as such have a knock-on impact on mental health. It is therefore vital that the needs, and indeed preferences, of individuals are respected: could a direct phone call be just as effective as a group video call, for example.

Reminding employees to take regular breaks to avoid screen-fatigue is also extremely important, particularly when working digitally. Opportunities such as chatting with colleagues in the kitchen or stepping outside to buy lunch naturally build in breaks when working in an office, and the importance of this shouldn't be overlooked.

This notion of remote connectivity isn't new, however. Throughout our interviews, each contributor was able to reference multiple modes of digital communication now being employed internally. It was highlighted that with instant messaging platforms such as WhatsApp so prevalent in our personal lives, using email for work often feels *'clunky'* and old fashioned.

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1 The Guardian (31 March, 2020) https://www.theguardian.com/technology/2020/mar/31/zoom-booms-as-demand-for-video-conferencing-tech-grows-in-coronavirus-outbreak

"As technology gets better, I think it will have a greater capability to bring people back together."

Instead, leaders are increasingly striving to establish platforms that enable even those organisations with broad or disparate employee bases spread across sites working in very different roles and manners to establish two-way, open and frank conversations. These platforms are intended to develop a *'feedback culture'* able to function as a pulse test for an organisation. People fundamentally want to share, argued one interviewee, *'you just need to be asking the right questions'*. Developing these interactions digitally furthermore gives opportunities to feedback for people who may not feel so comfortable being open with a manager face-to-face: often they might feel more relaxed giving feedback via an app or digital platform.

There were, of course, those who expressed concern over the ability to form meaningful relationships over a digital platform, suggesting that *'even in a one-to-one environment, people are never quite as candid with you through a headset as they are in the flesh'*. Others highlighted the benefits of face-to-face human contact in building a rapport between team members, arguing that working digitally means *'You don't get much shooting the breeze time, time to gel as a team on a human level'*.

With agile working practices comes a natural tendency for priorities to change rapidly, and indeed for teams to experience frequent movement of people. Individuals need to have greater resilience to this pace of change and must be able to form relationships quickly. This requires a real comfort with ambiguity that traditionally junior roles wouldn't have been expected to have, rather they would have had the precise scope of their work laid out and overseen by a manager.

"I do fundamentally believe in the strength of teams within organisations ... there's a level of interaction I think you need to have to be able to work as a team."

02

Key insights

- For many, change is something to be wary of: it is unknown, therefore it is perceived as a threat.

- Leaders must work to mitigate this by increasing understanding and awareness amongst their teams. This necessitates greater levels of communication and demands that leaders be open, upfront and honest with their people.

- The numbers of people working remotely has increased considerably in recent years, and exponentially in 2020 in light of Covid19. This has been an uncomfortable transition for some as it presents a very different way of working to that which many are used to. For those who may have additional needs, dependents or other time pressures, the increased flexibility and lack of commute are welcome additions and create a more open and inclusive way of working.

- However, building a strong inter-personal relationship amongst team members is still of vital importance for organisations to ultimately thrive. It has become clear that it is this element of human interaction that people have missed most through the periods of lockdown.

03

Jack of all trades,
master of none:
the digital leader
of the future
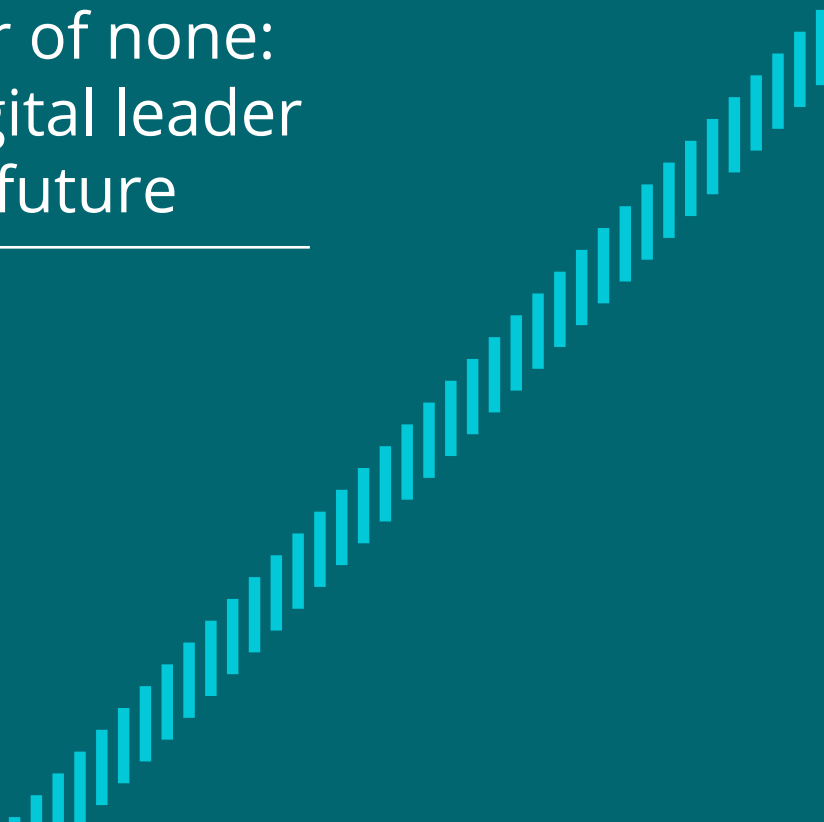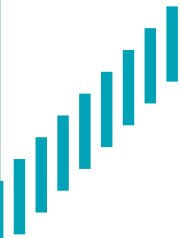
Embracing the new world

"Growing up in the 80s, I knew everything a computer did. We have to let go of this level of control!"

Digitally enabled environments and processes can open the door for a whole raft of new ways of working: from new business models and fresh supply chain approaches to social networks and models for employee engagement. However, leaders need to be open to exploring and implementing these new ways of working to harness the benefits of digital enablement. They must be willing and open minded to respond to new demands from business and employees and to keep up with the rapid pace of change.

Perhaps one of the greatest impacts of the digital revolution can be found in what one interviewee termed the *'democratisation of information'*.

The cascading of information has in the past for many organisations been something that was really very hierarchical: information wasn't freely disseminated across organisations, but rather remained the privilege of those *'in the know'*. Leadership in this command and control environment was almost omniscient, all-knowing, and stood in stark contrast to those leaders who will be most successful in a digital age. Developments such as chat platforms, workflow systems and agile workstreams have begun to flatten out traditional hierarchies, spreading information and subsequently decision making across organisations.

"The pace of change is much greater now: leaders need to be more agile."

Relinquishing control

"The digital revolution has very much split where power sits: it's spread it much more evenly across organisations."
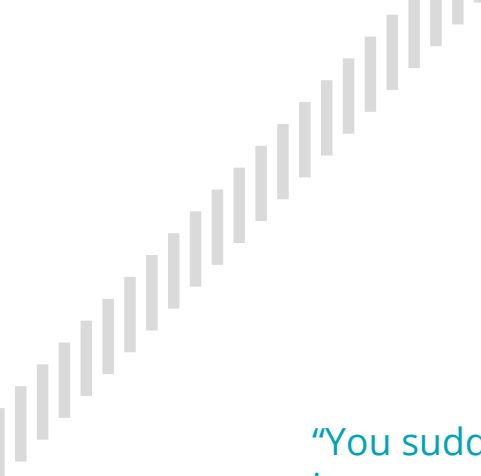
Traditionally, effective leaders would have had direct experience of the challenges a business might face, over and above others in the business. As we move into a digitally enabled world however, very often it's more about a leader having the right mindset to enable others to come up with the answers. They have to be comfortable with challenges they might not have experience with, what they do have experience of is leading a group of people. It is far less about having *'been there, done that'* than about having the skills needed to manage a complex and fluid organisation so that it can deliver in an environment of change and ambiguity.

Some interviewees argued that younger people, as a rule, are more willing and able to embrace change and approach it with excitement than those who have spent a working life in the same job: *'as a rule, younger people approach it with excitement while older people are more fearful, they often have to unlearn the way they have always done things'*. Senior leaders, more often than not, grew up in a command and control economy: *'for them, this test and learn environment feels very scary!'*

For others, however, the attitude to change wasn't so clear-cut across generations. Indeed, many argued that people of all ages now have access to smartphones or tablet computers: they have the world at their fingertips, so this generational gap isn't as marked as it perhaps was ten years ago.

"You don't have to know how the system works, but you need to know it's there and be willing to empower people who really do know what they're talking about."

"You suddenly end up with old farts in power who are very nervous about letting the young upstarts come up with all these ideas that don't fit with the traditional world view."

Indeed, different cohorts tend to respond to, and subsequently engage with, digital innovation in very different ways. One school of thought argued that *'middle management is often the biggest barrier'* to successfully adopting new working practices. Trapped between leaders determined to change the way things are run and managing the emotions of the people they manage – the excitement, fear, joy or trepidation with which change can be met – this middle layer tends to end up being squeezed and pressured from both sides. Equally, some of those to whom we spoke suggested that actually younger people in their organisation had been amongst the most resistant to change. This could perhaps stem from a lack of resilience developed over the course of a career: having never witnessed a successful organisational transformation, the concept is met with fear rather than excitement about the challenge or opportunities it might present.

Leaders must therefore have the confidence drawn from experience to hold fast to resolutions and push the organisation in the direction it needs to go, while at the same time maintaining humility to admit that they don't always have all the answers. It is a complex juggling act that requires

agility, flexibility and a strong faith in the team they have put in place. Key to the delivery of every difficult management message is absolute honesty, *'including admitting when one doesn't know all of the answers'*.

"You wouldn't query employing a tax expert, why should technology be any different?"

The COVID-19 pandemic has been one of the most fundamental challenges – and indeed one of the greatest unknowns – senior leaders have had to face in many years. It has changed the way in which organisations function, perhaps forever: *'nobody has been trained for working this way'*. Indeed, we are all feeling our way forward as the world slowly begins to adapt to the shape of the new normal. As such, risk management and resilience through crises will be hugely important leadership skills in the immediate future.

In actuality, one of the consequences of the environment we're in now could be that senior leaders are forced to think more about what it means to be in this digital world, including being willing to learn and practice new things and take very different risks.

"You need to have someone at the table. Everyone else just needs to be open minded."

Digital strategy underpinned by board support

"At a board and executive level, there are – if we're being totally honest – very few people who understand digital innovation."

Digital innovation must be firmly placed at the heart of an organisation, from top to bottom. It may not be absolutely fundamental to every board meeting or indeed a key interest for every board member, although there are those who strongly back it and are interested, but it needs to be considered as part of the business case and embraced or at the very least endorsed by the board.

As organisations look to flatten their structures to allow them to move fast and work with more agility at an executive level, governance has taken on increased importance in terms of maintaining accountability and delegating authority.

The question we posed to our interviewees focused on whether there is enough digital expertise on boards or indeed at senior executive level to be making smart and informed choices about the strategic direction of an organisation in terms of its commitment to digital innovation.

Many acknowledged that simply due to the average age of a board member in their organisation, there were very few who had spent the majority of their career with technology integrated into their work: *'there's a definite lag in the system: leaders just can't keep up with the pace of change'* .

For many, however, this wasn't a point of huge concern: they argued with the proper external support or consultancy, a board without explicit digital experience could continue to make informed and well-reasoned decisions: *'admitting that gap doesn't make everyone on your board impotent and without any common sense, it's just that they don't have enough of that particular skillset!'*.

One of the greatest obstacles to seeking external support is finding individuals with the right experience who are also able to speak at board level about digital innovation in a way that boards can hear and consume. While there many people more than qualified to provide a window into the digital world, often they are unable to present information at a level that does not get too technical.

"Part of being an effective leader is the confidence you have in sitting in front of a table of people – how do you regain that?"

For some contributors this was the least of their worries, however: *'we never wanted to make the people we brought in from other sectors fit us, we wanted them to push against the culture ... they turn up to board meetings talking a whole new language'*. It was exactly this *'shock factor'* when presented with a point of difference that they felt they needed to demonstrate the importance of digital transformation to members of the board. Without innovation, there would be a very real and tangible risk of being left behind.

The challenge is to find a way to ensure the entire board is bought into, and indeed confident in, the opportunities that technology can present. They can't feel scared by it, they must be confident about the risks.

As we emerge from the restrictions of COVID-19, organisations must take the opportunity to consider how their boards choose to move forward. The pandemic has necessitated an almost universal movement to digital meetings, however this isn't something that anyone truly has prepared for. It is a challenging concept, particularly for senior leaders who have potentially chaired meetings for many years but who are suddenly beginners again when faced with a digital platform: *'we can have a digital board meeting and feel like it has gone well, but maybe there's a company down the digital road somewhere that has had a much more effective meeting because they did things in a slightly different way'*.

In today's environment, digital innovation must be even more of a priority than ever before. Increasingly it can ensure or hinder an organisation's productivity or ultimately dictate its survival. Digital technology will no doubt continue to be relied on heavily in the short to medium term as organisations look to plot a way forward. As such, boards will need to perhaps consider its significance to a far greater degree than before.

This could however perhaps be used as an opportunity to transition to a new *'digital by default model'* for board operations, as one of our interviewees suggested. If boards can be as, or potentially even more, effective than they were previously, is there an argument for removing complications such as travel time from meetings almost completely?

Are leaders not humans after all?

"As the digital world becomes able to do more of the heavy lifting, we actually need more human skills."

Fundamentally, leaders need to admit that they are human and that they have limitations to their abilities. While they can be exceptionally experienced in a number of fields, they cannot be experts at everything: this is a drastic move away from the traditional power dynamic of a command and control environment in which the chief executive would have the final say on all decisions.

By the very nature of digital still being a relatively new sector, senior leaders – either executive or non-executive – with a full depth of understanding of digital matters are rare. It is, therefore, vital that leadership teams are willing to consult, consider others' opinions and rely on their expertise. They have to recognise the capabilities they do have and be willing to take on feedback or potentially be guided by others.

"Being data-driven and letting that inform your decisions is a big challenge for some people."

Having access to the levels of data that digital technology provides can, for some, be a source of comfort through the bigger decisions: it gives an accurate key insight into customer behaviours and therefore often serves as a rationale behind decision-making. This can in itself be a challenge for some leaders, however: it is a departure from how things have traditionally been done. Many of our interviewees argued that an ability to analyse, interpret and act on insights from data points is crucial to good decision-making going forward: *'we need to be better at leveraging tech to generate data, which will give us perspective at a management level'*.

Perhaps most fundamental to a successful leader in the digital age are skills that might be considered *'softer'*: communication, empathy, humility. Leaders aren't necessarily expected to have all the answers anymore, but instead should function as guides, choosing the right people along the way to best position their organisation for success.

"The leadership is much the same, you just may not understand all of the factors that you're playing with."

Leaders, now more than ever, have to be confident in their experience and not feel threatened because the landscape has changed: fundamentally, business remains the same, just with greater customer insights, efficiencies and opportunities. The people who know and run an organisation don't suddenly lose their grasp on it just because greater technical innovation has been integrated into its systems and processes. Rather, if more data can be provided to them to give insights into functionality, customer behaviours or efficiency for example then they can actually develop an even greater understanding of their organisation.

For this to work, however, honesty, transparency and trust are all vital. If something isn't working, leaders need to have the confidence to speak up and say so and put in place a plan to resolve the situation. Equally, they must have faith in their team and the ability to stand back from the detail of operations is also vital: to foster a truly creative and innovative environment, employees need to be empowered to experiment, trial, and sometimes fail.

03

Key insights

- The introduction of digital technology into workplaces has allowed information to be much more freely disseminated across organisations, empowering people far beyond leadership teams.

- It is, however, vital that all levels of an organisation are able to embrace digital innovation, from board level all the way down: it has to be a fundamental part of the organisational strategy.

- Digital remains a very new field, therefore senior leaders – either executive or non-executive – with significant understanding of its full scope are rare. As such, there is an increasing trend towards consultation as leaders accept that they can no longer take their organisations forward through command and control.

- Rather, they must accept that they might not have all the answers. They must have humility and be able to ask for support when it is required.

- Leaders, now more than ever, have to be confident in their experience and not feel threatened because the landscape has changed: fundamentally, business remains the same, just with greater customer insights, efficiencies and opportunities.

04

The mother of
invention

Innovation embedded

"Innovation is a process, not a skill."

While all those organisations to whom we spoke had to some extent established mechanisms of approaching innovation, these varied hugely from organisation to organisation. One thing on which almost everyone agreed however was that for something to be properly embedded in an organisation: it needs both top-down and bottom-up buy in to ensure it truly is at the centre of the values and culture.

"Innovation can't be something that happens somewhere else in the company."

Some would argue that innovation needs a dedicated home within an organisation, whether that be through an established director, team or innovation centre. Perhaps contrary to expectations however, a repeated refrain from a number of our leaders was that dedicated innovation centres typically do not work: *'the key indicator for me of an organisation that isn't very innovative is if it has a dedicated innovation centre'*. Innovation is something that was generally accepted should be built into the roles of every employee in order for an organisation to be truly *'innovative'*: it can't just be a buzz word that is thrown about, or something that is the job of some mysterious group of people who aren't truly integrated into the business.

An innovation project will, more than likely, touch more than one aspect of an organisation, therefore it must be closely tied into what is truly achievable – it must consider cross-functionality and potential complexities or stumbling blocks. This ultimately cannot be done without a deep understanding of operations and nuances internally.

As such, alignment and communication are crucial elements to get right. As has been explored earlier, leaders must be prepared to ask themselves firstly *'what are we trying to achieve as an organisation?'* and secondly *'what can we do to achieve that?'*. The right solution for one organisation isn't necessarily right for another, regardless of outward similarities. That is not to say that leaders must reinvent the wheel: *'best practice is very visible – it can easily be learned from and copied fast'*.

"If you're one of those businesses that feels the lack of innovation so badly that you need a superannuated group of people to run an innovation centre, that's probably a bad sign."

Permitting a creative environment

"We're encouraging creative pioneering across all parts of the business."

Innovation often comes with an element of risk: there is no one size fits all solution, particularly when it comes to digital technology. This can be challenging both for executive and non-executive leaders. It is, for many organisations, a markedly different approach and one that can feel uncomfortable at first, particularly for larger, less agile organisations or those operating within rigid regulatory environments: *'we've had decades of controlled governance that views failure as a disaster. This is a very different way of thinking.'*

"We're now talking about being fast-moving, creative, experimental."

Leaders must strike a balance between encouraging creativity and ensuring people work within the boundaries of the organisation's structure, and with a keen eye on its vision or strategic direction. They must however, to some extent, be willing to sit with a little discomfort in order for creativity to flourish across an organisation. Relinquishing a traditional command and control structure is vital to allow teams to experiment, and there has to be a willingness to accept that not everything will work first time. In fact, one of our interviewees suggested that *'if it all goes perfectly, you've probably not tried hard enough, taken enough risks or pushed the boat out enough'.*

One of the biggest barriers to innovation is a lack of time. In our always-on modern world it can be vital to give teams the space to step back from their day-to-day roles and processes and have time to play or experiment: *'you need planned and facilitated down time, and that's not people not being productive, it's not them shirking work, it's the time where great ideas can come to life'.*

"Bureaucracy dampens creativity."

What was repeatedly highlighted was that fostering innovation is closely associated with the attitude an organisation takes: *'You need an organisation that doesn't punish you for doing experiments. One that lets you do 'test and learn' stuff, as long as it actually can learn'.* Teams need to be willing to learn on the job to an extent, therefore leaders must encourage their teams to maintain an open and curious attitude to their work. There is a level of resilience required here: to recognise that something is only a failure if there are no learnings that can be taken from it requires strength. As such, *'fail fast'* was an adage to which our interviewees returned time and time again, highlighting that for every successful idea there may well be many others that never reach fruition: *'one in ten ideas will be great, but that doesn't mean the other nine were bad or not worth exploring'.*

"Evolutionary responses to revolutionary challenges rarely work."

Furthermore, employees have to feel comfortable that their organisation's leaders are fully bought into the creative innovation process if they are to bring forward ideas: *'creativity cannot flourish if you're frightened – you have to feel safe where you are'*. Indeed, one interviewee suggested that *'you have to put your best people on the riskiest projects and make them heroes even if they fail'*.

"A bit of civil disobedience is sometimes exactly what's required!"

One crucial aspect of fostering a creative environment in which innovation is permitted to flourish is moving to a more iterative way of working that embraces some of the key principles of agile working. This is a stark difference to a traditional sequential or linear way of working in which a destination is specified by a leader. Instead, teams work in an environment of continual learning, optimisation and testing to achieve a cohesive goal that is tied into the organisation's strategic direction. As such, *'an inquisitive approach is essential to managing diversity of thought'*.

As part of this continual change and refinement structure, leaders should encourage an environment of continuous learning, whether that be through structured skills development or reskilling programmes or through external activities such as coding sessions or hackathons.

"I love to shake up the thinking in a room!"

Innovation for innovation's sake: a fool's errand

"The digital transformation piece is a bit of a 'shiny new toy' and everybody wants a piece."

It can be very easy to get caught up in the excitement of digital innovation, new technology, systems and programmes that can make the world seem smaller and everything (at least on the surface) seem more straightforward.

Many of our interviewees spoke cautionary words against innovation for innovation's sake, however. They instead argued for a business case to be presented working backwards from a strategic vision for the organisation's future: *'I think about this as reversing into the future … if you start with a vision, you can then pin it down and work out how to get there'.*

It can be very easy to see a new piece of technology and get caught up in the *'how'* of it, rather than stopping to consider the *'why'*. Similarly, it can be very easy to let technology drive organisational change, but ultimately this can end in disaster. It is the role of the leadership team to strike a balance: *'How do you connect the dots so that these initiatives are not outside of the priorities for the business, while maintaining empowerment and not being prescriptive?'.*

Leaders need to be charged with maintaining future soundness for their organisation. Their role is to prevent kneejerk reactions to *'shiny new things'*: not to prevent empowerment or innovation, but rather to ensure that innovation functions within a framework for the overall good of the customer or the organisation more broadly. With technological solutions, as with anything newly introduced, there is an adoption curve meaning that solutions will die a death quickly if they are not fully integrated into processes across the organisation from the outset.

A number of our interviewees also highlighted the need for greater scrutiny around the right tools and technologies. The observation was made repeatedly that there is a notable disconnect between the technology companies selling innovative digital solutions into more traditional businesses. What on paper might seem to be the ultimate *'silver bullet solution'* was frequently cited as not having the maturity to deliver real value-add: *'there are lots of tools that we've looked at in isolation and seem revolutionary, but when you try to integrate them into your broader suite of tools, they only complicate things'.*

"Innovation for innovation's sake tends to lead to failure."

Skills for the future

"We need to be taught how to learn not what to learn."

When asked whether people are being given the skills and the training needed to succeed in a digitally predominant workplace, the answers were mixed across the interviewees – this was the question that sparked some of the greatest debate.

Many children are growing up with code almost functioning as a second language, with digital technology firmly integrated into their schoolwork, home lives and often play time. There is certainly a sense that with digital technology now so prevalent in our everyday lives, it is easy to become wholly immersed in it: *'people are being sheep dipped into it, almost by osmosis'.* People who have grown up as part of the *'digital native'* generations were considered by some to *'typically have a more instinctive feel for what will and will not work'* in terms of digital integration into the workplace.

While some felt that things have come a long way since the *'dark period 10-15 years ago when nobody learned to programme'*, others expressed concern that in sectors such as construction or infrastructure, graduates are arriving to their first jobs and needing retro-training almost immediately in digital elements such as BIM modelling or technical models. The skills they are learning in university are not necessarily directly transferrable to a digitally led working world.

It was, however, highlighted that the concept of a *'job for life'* is almost non-existent in the modern world: *'I don't think the grads that join us every year think about things that way'*. There is therefore perhaps a more pressing need to focus on reskilling and ensuring people have broadly transferrable skillsets that aren't honed to a particular role, but instead allow them to be deployed wherever a company might have need. Indeed, one leader specified that they routinely *'recruit for attitude because you can train for skill.'*

Digital innovation has presented a brave new world indeed, however many of our interviewees cautioned against the sweeping assumption that *'people of a certain age don't know how to use technology'*. They highlighted that *'making assumptions about either your customers or your members of staff is a fool's game'*. Indeed, one interviewee was quick to point out that both their young children and 86-year-old father were more digitally aware than they would ever be.

Interestingly, it was the human skills of *'curiosity, a desire to succeed, emotional resilience'* that many leaders highlighted as being of the greatest value in any prospective employee, or indeed future leader. Also prized is an ability to work with, translate or interpret data, something that one interviewee argued is perhaps more innate to those who have grown up using social media to communicate. The benefit of growing up in a world of social media is that people are much more empowered to choose their own views, source their own information, make their own minds up. Indeed, it could be argued that we have perhaps never had such a highly educated or capable workforce as we do now: *'their ability to source information and think independently is probably greater than ever before having grown up in an age of social media and internet access'.*

For Human Resources leaders in particular, this has increasingly necessitated an alternative approach to recruitment: they are able to look in new and alternative places for the people who will help drive transformative change within their organisation. Indeed, employees with diverse backgrounds and different experiences – be it in their working or personal lives – can help to push forward real change. New perspectives, different vantage points and fresh approaches are all essential elements for successful organisational change, more than ever, in our digital world.

A global community in your back garden

"Without a doubt, the biggest impact of digital technology is its enormous levelling effect in terms access to a global marketplace."

The world in which organisations are competing is getting smaller thanks in no small part to digital technology meaning that global markets are more accessible than at any time in history. More and more, companies do not just have to provide stellar service to customers based in their own geographical location, but to people located across the world. While this brings with it huge opportunities for growth into new markets, there is also a logistical challenge that digital technology can help to overcome, bringing colleagues and customers together at the touch of a button.

While the integration of digital tools into the day-to-day running of an organisation allows colleagues across the world to communicate quickly and efficiently, this global nature also carries with it previously unexplored challenges: *'you're no longer competing with the company next door, or down the road: you're competing on a global scale'*.

UK business has been placed onto a global platform to a greater extent than ever before, and there is a real need for us to ensure we continue to compete. A crucial element of this comes from the integration of digital innovation. While many would perhaps argue that British business tends to be thought of in terms of its *'historical, industrial legacy'*, there is

clear evidence that the UK continues to operate amongst the most tech-savvy nations in the world.

"The UK continues to compete at the top in terms of its creative power: we should celebrate this more".

There are, of course, always learnings that can be taken from other geographies. One interviewee highlighted Scandinavian countries as an often-unsung hero in the world of digital innovation, flagging that *'they've always done well with other things: they've invested in their people, in their community, in their society'*. Similarly, Singapore was highlighted as a geography in which *'the government has been instrumental in driving digital innovation'*.

We cannot afford to rest on our laurels then: *'people in the UK are often so humble, but you can't afford to do that in a very fast paced technological environment where you're competing against the likes of the US or China'*. Some of the most forward-thinking companies in the world have roots in the UK, however one of our interviewees suggested that *'we have the right ideas but scaling it and then commercialising it are the areas that are letting us down'*.

04

Key insights

- It is vital that innovation is built into the role of each and every person within an organisation.

- Innovation cannot be something that happens elsewhere: employees and leaders alike should be encouraged, and indeed given the space, to always think beyond the immediacy of their role to increase efficiencies and drive innovation.

- Cross-functionality must be a key consideration of any innovation project: it must be closely tied into the wants and needs of each function it touches to deliver the maximum value-add.

- Crucial to embracing innovative thinking within an organisation is establishing the right attitude: teams need to maintain an open, creative and curious attitude to their work and be free of the fear of failure.

- Leaders must therefore be willing to relinquish control and accept that things won't always be a success first time. They must develop resilience and foster this in their people.

- Indeed, skills such as curiosity, a drive to succeed and emotional resilience are amongst those most prized in prospective employees or future leaders.

- Thinking outside the box is vital should UK business wish to continue to compete successfully on global stages. While for many British organisations digital is built into the fabric of their strategy, we cannot afford to rest on our laurels and must continue to watch, learn and innovate.

Conclusion

Across the globe we are experiencing one of the most unprecedented times of change in history. When we set out to conduct this research, digital integration was at the top of the agenda for every board, however the digital piece has since witnessed a catalytic acceleration, triggered by the COVID-19 outbreak. Transformation of digital capabilities have needed to be driven forward apace by a need to protect both employees and business stability.

Where previously budget constraints, legacy IT systems or inflexible work environments may have prevented flexible working being readily available, organisations have been forced by social distancing mandates to adapt rapidly and establish new ways of working. Significantly, fears of remote working detracting from an organisation's sense of team have been in some part disproven as people continue to seek out new ways in which to establish meaningful human interactions through virtual channels. Indeed, many would argue that only through social distancing have they realised how much they value the companionship of their colleagues and the daily human interactions they may once have taken for granted.

Innovation abounds in organisations across the globe, perhaps more so than ever before. We are becoming used to thinking on our feet, failing fast, and embracing a culture of test and learn. Significantly, digital innovation is becoming something that needn't be feared: rather than a threat, organisations must learn to harness it as an opportunity for reskilling, removing bureaucracy and increasing efficiencies. It doesn't need to be a human versus digital approach. It is a collaborative and indeed complementary methodology that must be adopted to move organisations forward.

Strong leadership is vital, both in this time of huge upheaval and as we continue to use digital technologies to move forward and forge a way in the new normal. Leaders in a digital environment have undergone fundamental changes too, however. Gone is the world of command and control: in its place is a leadership function that must be able to relinquish control; admit failings; accept limitations; ask for help; and above all accept that humanity is at the heart of their organisations and approach to technology.

We are more resilient than perhaps than we thought. We are able to live with a greater level of ambiguity than we might previously have anticipated. And our leaders must continue to harness these human strengths as we move forward into a new future.

Ultimately, digital integration is a fact of life: it is something that will leave no sector, no individual unaffected. It brings with it huge opportunities: to reskill workers, drive forward efficiencies; to review processes; and to introduce new and flexible ways of working both together and apart. But, at the core remains humankind. People will always be the heartbeat of any organisation, always its greatest asset. Digital can make work more engaging and challenging, but it will never eliminate the need for the human thought and touch which make our society what it is.
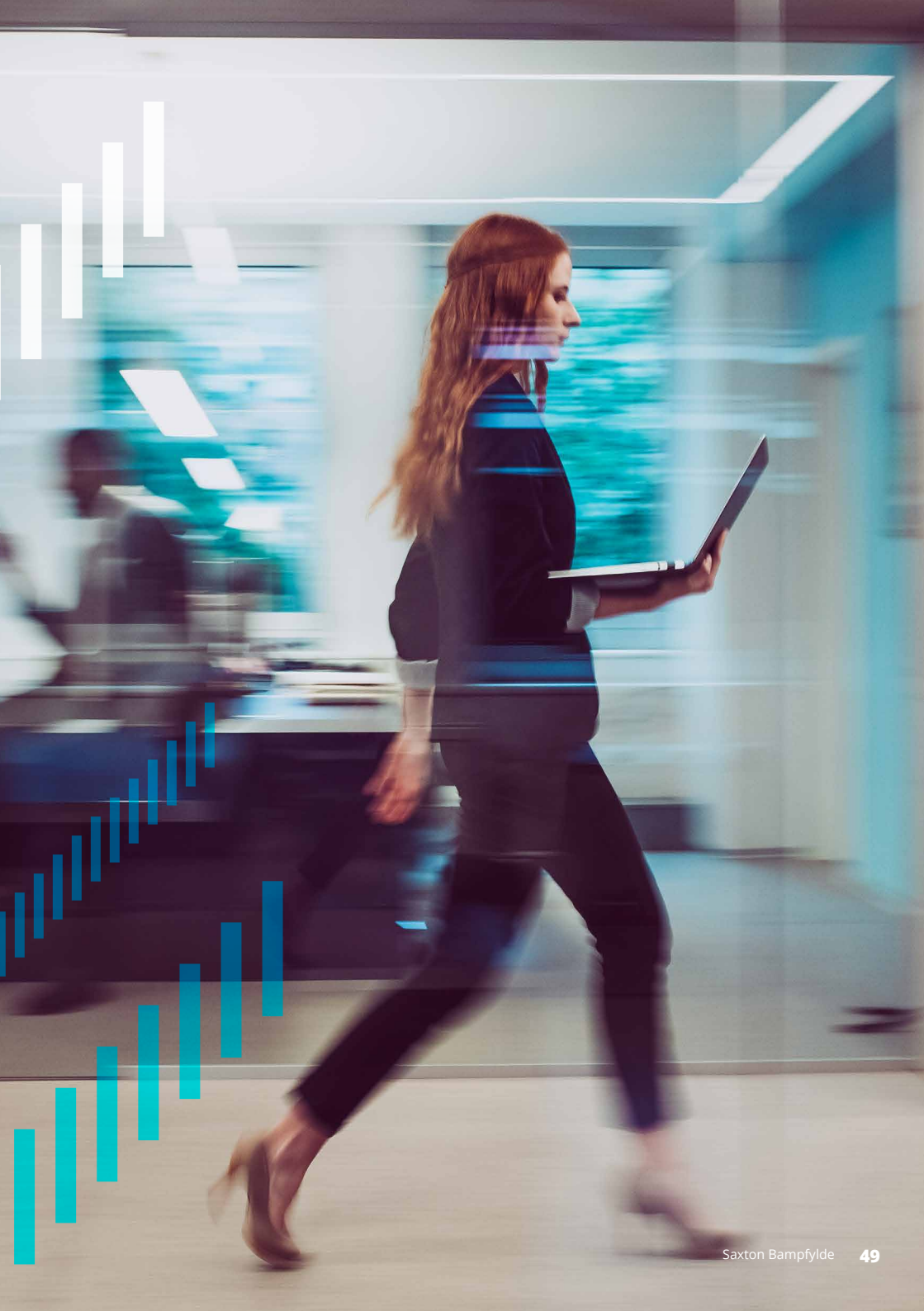
Methodology

In producing this piece, we were privileged to have the opportunity to speak to 32 senior leaders who were asked to consider the extent to which digital innovation has been a feature in their organisational priorities, and in particular the development of their people strategy.

Interviews were conducted over the telephone through a period of twelve weeks in early 2020. As previously highlighted, a significant majority of these interviews took place prior to the outbreak of COVID-19 in the UK, although the context of this global pandemic was impossible to ignore throughout the report's writing.

The focus of our questioning was on the challenges and opportunities presented by the greater integration of digital technology. We were particularly interested in exploring the skills needed to navigate this new world of digital innovation and the impact it has had both on leaders and their wider teams.

Our questions were open-ended to give participants the opportunity to freely explore their thoughts and to provide their particular view on the ways in which technological innovation has impacted the organisations with which they work.

To help give our report balance, we spoke to people from a range of backgrounds, with experience covering a broad spectrum of different sectors. This included well-established household names and start-up organisations, with a mix of UK-based and international experience. Furthermore, the individuals who contributed included senior Human Resources leaders, Chairs, Chief Executives and a number of other roles.

To encourage our contributors to speak openly and honestly, we assured anonymity. This ensured that we were gathering their genuine thoughts, observations and learnings. We have incorporated anonymous quotes throughout this piece to give an indication of thought and response.

Number of people we spoke to:

32

- Chairs
- CEOs
- HR Directors
- + other c-suite executives

Countries highlighted as leading in digital innovation:

- China
- Singapore
- USA
- Scandinavia (in particular Finland, Sweden and Denmark)
- UK

Industries of those we spoke to:

Other sectors including:
Arts, Food & Beverage,
Telecoms, Advertising,
Utilities
19%

Infrastructure development /
Construction
13%

Banking &
Financial Services
22%

Professional
Services
6%

Technology
22%

Media
9%

Retail &
Consumer
9%

About Saxton Bampfylde

Saxton Bampfylde is an independent executive search and leadership consulting firm with offices in London and Edinburgh. Through our partnership with Panorama, we have over 46 offices across the globe. Our international reach allows us to seek out and engage proactively with leaders in all corners of the world. We are recognised as specialists in the fields of professional and financial services, retail, consumer goods, industrials, telecoms and media.

About 65% of our work is at board level and we have a strong corporate officer overlay which includes HR, finance, marketing & corporate communications, and COO appointments. Within our board practice, we advise clients on chair and non-executive director appointments, as well as on board reviews.

Our leadership services are tailored to specific client requirements and include team development, talent mapping, coaching and executive assessment.

Today, Saxton Bampfylde is proud to be an employee-owned business – a unique model in the executive search industry.

Acknowledgements

We would like to thank all those senior leaders who gave up their time to take part in this piece of work. They shared their thoughts and insights openly and honestly and demonstrated passion and pride for the organisations they represent. We recognise the time pressures faced daily and we are very grateful that they were able to be part of this project.

Saxton Bampfylde