ADAPT2DIGITAL

MINDSET EATS DIGITAL
TRANSFORMATION FOR BREAKFAST

THE MINDSET
IMPERATIVE

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INTRODUCTION

Digital transformation success continues to fall short of its full promise. Taking a human systems approach to how we design, organise and deliver digital transformation can address this. Specifically, if mindset becomes our central focus.

Digital transformation is known as an effort to modernise through the use of technology as an enabler. Technology, however, is often positioned as the driver, which contributes to one of the biggest challenges facing successful digital transformation - people.

The challenge is how to effectively apply a human systems approach to digital transformation. This creates an appetite for change and confidence in taking risk that eventually develops an identity which can be defined as a digitally transformation system.

THE MINDSET IMPERATIVE

Since COVID, Digital transformation is a priority for most businesses. Flexible working, hybrid management and leadership examples are visible throughout the global business world.

However, digital transformation is quoted with a forecast failure rate of up to 84%. (Source Item 1). The reason for such high failure rates is continuously linked to people. In particular leadership and culture.

The Digital Transformation Market is forecast to reach US$ 3,693.8 Billion by 2026 Globally according to UnivDatos Market Insights (Source Item 2). This is largely focussed on solutions and services that are technology driven and/or enabling our ability to harness data insights. This leaves the people element of change and transformation potentially underinvested.(Source Item 3).

This presents a problem for those working in the area of digital transformation and any business investing in such initiatives.

For those working in the area of digital transformation, lack of leadership appreciation and participation can also be a hurdle:

- Appetite for risk and an ambition of change beyond incremental improvement (Source Item 4).
- Active participation, role modelling behaviours that people can follow (Source Item 20).

Another challenge affecting digital transformation success is the wider human system, the workforce culture due to a lack of:

- Belief and trust in change, enough to embrace it as a constant.
- Ability to understand the value and purpose of change personally, enough to commit to and participate in.

IS DIGITAL TRANSFORMATION THE SOLUTION, OR THE PROBLEM?

The role of leadership in digital transformation is cited as a barrier to success. When leaders are unable to evidence a modern mindset, several barriers to change are experienced by the project team. Conversely, when a modern mindset is evidenced at a leadership level this becomes an accelerator:

1. Leadership's appetite for change and risk correlates with evidence of a future focussed mindset which can be fuelled by supporting the leaders in developing an outward and forward frame of reference.
2. Participating in change as role models has an impact on adoption rates of change across the wider system and organisation.
3. Demonstrating an experimental mindset and evidencing fail fast behaviours at a leadership level is a key enabler to fostering these similar behaviours at a management and wider organisational level developing greater agility overall.

Behaviour change at an organisational level can be one of the most difficult areas of change and digital transformation.(Source Item 5).

Empowering and enabling people to positively engage with change is vital to digital transformation success. Achieving this means capturing both the heart and mind of the workforce. It may be argued that change and transformation resistance isn't about change itself, rather the fear of loss as a result of change - giving something familiar up in return for something different.

"Change is not the problem, it's the scapegoat: we don't fear change, we fear what it may cost us. So the mindset solution is to acknowledge the true loss aversion - articulate it and mitigate it. Get that right and the anxiety becomes manageable" Mike Weston (Source Item 18).

IS DIGITAL TRANSFORMATION THE SOLUTION, OR THE PROBLEM?

Digital transformation is often seen as a project, program or portfolio of change initiatives driving modernity of/through technology and use of meaningful data within an organisation.

Connecting projects and programs to purpose and having meaningful connection with the people whose lives are affected by that change is difficult, which presents further challenges when trying to scale initiatives show evidence of working. (Source Item 6).

Digital transformation also does not have a definite stop. Whilst projects and programs have end points based on output, budget, delivery timings, resourcing or business objectives, the true value of digital transformation is really seen after the technology is deployed or after the initial change happens. Over time there may be a shift in belief, in trust and in confidence which can drive a different kind of thinking around decisions and actions. Cumulatively, this kind of mindset shift can create a true values-based, more purposeful ecosystem. (Source Item 7).

ADDRESSING THE SYMPTOM OR THE CAUSE?

For leaders, many solutions are available that provide 'digital' leadership development in an effort to address some of the challenges in this area. However, they often focus largely on the knowledge and skills deemed necessary for leaders to drive successful digital transformation. These skills include vision and communication as well as fundamentals like digital literacy (Source Item 8).

Ionology, a systems thinking agency argues "Can any leader declare that they have truly become a digital leader and that their organisation has been fully transformed in the new digital world? The first problem in making such a declaration is that there is no agreement on what being a digital leader means. Even the language around digital transformation is only properly developing now." (Source Item 9).

Skills and knowledge work if we are focussed on symptoms, but fall short of an ability to support leaders to actively participate in digital transformation and furthermore lean into innovation rather than improvement alone.

Bringing the wider organisational system on the journey of digital change and transformation is often addressed through traditional change management methodologies and/or learning and development initiatives based on skill and capability.

Change management can be applied in two areas; operational change and behavioural change. The most obvious application is of course operational change to support the redesign of structure, process and implementation of new technologies for example.

ADDRESSING THE SYMPTOM OR THE CAUSE?

These solutions support process and operational change but do not focus on a deep or lasting impact on the culture, where behavioural change methodologies have a positive effect.

"Change management programs aim to facilitate something, such as implementing a new IT system or change to a company policy or procedure. The focus in change management techniques is to try to persuade people as to why they should change. Therein lies the problem: most reasons given focus on the gains to the organisation and the betterment of the company." (Source Item 10).

Learning and development methodologies and more specifically change management techniques and methodologies also lack effectiveness in the unpredictable world we live in. In discussion with CMS Wire "Researchers at McKinsey unpacked this trend in another way, ultimately highlighting the critical part change management plays in driving successful outcomes.

However, they also found that most change management efforts fail because outdated models and change techniques are fundamentally misaligned with today's dynamic business environment." (Source Item 11).

CREATING A GROUNDSWELL

Solutions exist and efforts to engage our human systems are sought after by customers. However, these solutions seem to address parts of the human system not the holistic whole. A framework supporting our ability to address and deliver shift mindset and behaviours that create lasting change over time provides a more comprehensive solution. A solution that designed around the holistic profile of the modern leaders mindset with a human transformation approach that is then embedded within leadership communities and ultimately throughout the organisation. Such a solution would foster an emergence of an agile human ecosystem able to evolve and adapt to the constancy of change that defines reality.

People centred digital transformation sets the conditions from which develops the ability to embrace change as well as increase appetite for risk (do things differently) that leads to innovation.

Work with leaders to explore and develop a modern mindset occurs at a deeper level with beliefs and values - these are the real culprits when it comes to resistance to change and transformation.

A focus on changing habits, supports incremental shifts that are easier to embrace. Develop new habits and you change behaviour which is what creates lasting change.

"Although new technologies and "bright, shiny objects," such as Artificial Intelligence, Big Data Analytics, Machine Learning, Robotics, etc., may get the bulk of headlines or industry conference keynote sessions, digital transformation is first and foremost about a mindset shift. Without this shift, no amount of digital technology can successfully transform a company; with this mindset shift, significant business transformation, new client value creation, and sustainable competitive advantage is possible."
Dan Glessner
Vice President, Digital Genpact (Source Item 13).

DIGITAL TRANSFORMATION ISN'T A DESTINATION IT'S AN IDENTITY SHIFT

Knowledge and skills leadership development tackles the edges of the real challenge, which is having the right mindset and behaviours. To succeed in digital transformation, leaders need a different way of thinking to solve the problems our old thinking created. (Source Item 22).

The first step is to identify the mindsets that together provide a holistic view of a modern leader. Once defined, these can be used to profile and map transformation pathways for individuals as well as leadership teams. This enables and empowers leaders to role model change and develop an appetite for risk and innovation. Evidence of modern leaders as role models also generates powerful impact metrics for digital transformation and business priorities beyond productivity and efficiency; like sustainability, purpose, wellbeing, employee satisfaction or customer experience.

It is important to take the best of traditional leadership values and beliefs and augment these with the values and beliefs required to thrive in a modern, changing world.

In a joint research project between MIT Sloan Management Review and Deloitte, studies show how business and leadership are changing as a result of digital disruption. They found that while many core leadership skills remain the same, the particular demands of digital disruption call for certain new skills as well. (Source Item 14).

Ultimately, the holistic representation of a modern leader can be described using 7 Mindsets of Digital Age leadership:

DIGITAL TRANSFORMATION ISN'T A DESTINATION IT'S AN IDENTITY SHIFT

Digital
Using technology to create better outcomes and more meaningful experiences. Digital is a mindset not a switch.

Born digital mindset

Adaptive
Change ready. Knowing the difference between change and transformation. Think big, start small, learn fast.

Experimental mindset

Connected
The connection between people & people, people & technology, people & things.

Networked mindset

Open
Openness is about sharing. Collaborating. Being Authentic.

Transparent mindset

Data informed
Being empowered and enabled to make decisions based on meaningful data.

Data mindful

Future focus
Keeping an eye what's ahead. An outward & forward focus.

Forward thinking mindset

Audience focus
It is the focus on all our audiences that allow us to be truly customer centric.

Human centred mindset

The 7 Mindsets of Modern Leadership in a digital age (adapt2digital.com)

DIGITAL TRANSFORMATION ISN'T A DESTINATION IT'S AN IDENTITY SHIFT

Creating the conditions and environment for change at a human systems level, must go beyond skill and capability. Habits and incremental, small shifts prove instrumental to changing a systems identity (culture and behaviour).

"Real behavioural change is identity change." James Clear's work describes the power of habit to create lasting and effective change at a belief level. (Source Item 19)

It is less about what we do and more about who we are as human systems that helps develop open, flexible and collaborative systems. Shifting who we are fundamentally changes the way we think and behave, which is the promise many digital strategies lay claim to, but fail to achieve. Shifting the way we think and behave is addressed using an inside out approach rather than an outside in approach or a focus on edge solutions alone.

Adopting an inside out approach is best for focussing on habit shift and incremental shifts over time. Together these start to challenge and reposition digital transformation away from silo'd projects and towards being more inclusive, generating a sense of co-design, decreasing resistance and anxiety around change.

FROM PROJECTS TO
PEOPLE MOVEMENTS

EXAMPLE USE CASE

As part of their digital ambition, a UK government authority recognised the importance of engaging humans at all levels of its digital transformation, having a desire to ensure digital transformation was something owned and seen as a part of everyone's role throughout the organisation.

To achieve this, they adopted a people first: digital always approach to change and transformation. This resulted in an open collaborative commitment between all support teams from the onset of all change initiatives.

Leadership **mindset** became a priority from the outset. Investing in profiling, designing and developing unique leadership programs specific to developing the 7 mindsets of modern leadership through the use of habits and incremental shifts. Building role model leadership, human centred leadership and sustainable leadership.

At an organisational level, digital change specialists received digital age leadership support and an already existing group of champions were incentivised and nurtured to embrace the habits of the modern workforce to encourage others to follow.

Finally, **keystone habits** were identified at a team and department level that focussed specifically on effective working and an enriched personal/team employee experience.

As a result, a level of trust and belief has emerged across the workforce that is successfully removing many of the legacy barriers to change experienced in the past, with evidence of followership being generated through role model leadership. An environment has been established which encourages and welcomes openness in the form of ideas as well as embracing an experimental mindset.

THE WAY WE DO THINGS HERE...

Repositioning digital transformation as a movement of people by supporting a shift in organisational identity through incremental shifts and habit work, generates:

- A potential for innovation
- Confidence in the opportunity technology presents
- A willingness to share ideas and experiment
- Emergence of a learning culture.

When these elements are in place, the system becomes more adaptive, able to pivot and change according to the opportunity or challenge. Building confidence in the idea of digital transformation as a people movement, shifts the very idea of digital transformation itself, from a noun and finite journey to a verb and identify synonymous with change and evolution - A 'digitally transforming' system.

"Business models, the nature of work and the composition of workforces are changing radically. Only companies that transform continuously will remain competitive. Successful transformation depends crucially on whether a company's leaders have the right mindset and skills." (Source Item 15). Individual pathways focussed on habits and incremental shifts as part of leadership development increases learning outcomes, because up to 80% of traditional learning is being lost soon after the learning experience. (Source Item 17).

Further advantages are experienced embedding the 7 mindsets;
1. Leaders are more networked and adopt a partner mindset (Source Item 23
2. A future focussed mindset builds confidence in the future
3. A growth mindset develops more positive and adaptive behaviour
4. Data Literacy and data mindfulness generate more effective, ethical decision making.

The 7 mindsets generate outcomes vital to any organisation's ability to thrive in a constantly changing and uncertain world: preparedness and the ability to adapt. Prepared leaders, and organisations are able to respond to change rather than react or settle for more risk averse actions.

THE WAY WE DO THINGS HERE...

A focus on incremental shifts and habit transformation at a wider organisational level connects individuals more deeply to organisational purpose. Furthermore, when we become more human in our approach to business and change we begin to shift towards being more values driven.

Organisations who are purpose driven not profit driven, focussed on stakeholder value not shareholder value are consistently outperforming their competitors. Making the case for people first digital transformation further more beneficial. (Source Item 21). Digital transformation seen as something inclusive throughout the organisation means more people can get involved, contribute and co-create. Organisations become more likely to attract the right talent, become more attractive to younger generations looking for flexible, open and values-based employers.

Ultimately, a digitally transforming organisation enables and empowers a modern leadership mindset focussing on change at a habit level and nurtures an identity that is purpose led and values driven through incremental changes at a human systems level.

According to the economist Mariana Mazzucato we need to "rethink the way that we look at value. Modern economies reward activities that extract value rather than create it, and we often forget that things of value tend to be co-created." Mariana Mazzucato interview at the Symposium: The Future of Work (Source Item 16)

Current research suggests digital transformation programs will continue to fail, having an impact falling short from initial strategic intention. If we adopt a human systems approach to digital transformation and delve deeper into the machinery of change, through habits and incremental shifts we can succeed.

Modern leadership mindset and value based incremental change activities create lasting impact at a team and organisational level creating healthy, safe and prosperous human systems. This changes our identity: who we are as an organisation, a digitally transformating human ecosystem.

ABOUT THE AUTHOR

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Prior to this she has been involved in numerous start ups, as well as holding key digital and transformation roles within media & entertainment and professional services.

Mel is also a mentor with the UN supporting women entrepreneurs throughout Europe and Central Asia. Mel is currently focussing some of her time on writing her first book on the power of being Data Mindful.

Adapt2digital provides products and services that support human systems transformation. All products and services are grounded in The Dilyn Way™ People Framework for Digital Transformation, a human systems approach to digital transformation. Core product/services include: Certified Practitioner training for mentor-coaches and project/change specialists in the Framework. Digital age leadership training, mentoring and coaching. Consulting and advisory on embedding mindset and habits into digital transformation.

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