



Why digital transformation depends on workforce transformation

Digital transformation is one of the most urgently discussed topics in business today. CIO defines it as **“the acceleration of business activities, processes, competencies, and models to fully leverage the changes and opportunities of digital technologies and their impact in a strategic and prioritized way.”** But more than just acceleration, digital transformation is about the need for businesses to outpace digital disruption and stay competitive in a rapidly evolving business environment. Even though different people might offer alternate definitions, few disagree with the idea that digital transformation is essential to the survival of most businesses today.

Even though the word “digital” starts the phrase or stands alone, nobody doubts that **human factors are the most important elements** in making a digital transformation useful, successful, and valuable. However, positioning your employees—and as a result, your organization—to successfully execute and support a digital transformation strategy means far more than putting a digitized HR process in place. An integrated strategy that focuses on talent identification, recruitment, and retention, as well as employee engagement, provides the right foundation for transformation. The new and innovative ideas that digital transformation makes possible can help your company win the loyalty and dedication of your employees (and customers), creating a culture of continuous innovation that others will find difficult to match.

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The potential for HR digital transformation

Many of the changes we've seen so far on the digital transformation front are what experts call "demand side" disruption, which only involves the way customers buy products. Uber® and AIRBNB®, for example, didn't change the nature of taxi or hotel services; they only changed the way you buy those services. We're now entering a more complex phase known as "**supply side**" disruption, which requires businesses to change the ways they create and develop products and services, as well as change the way your people work together, how you build teams, and how you structure incentives so they lead to the best possible outcomes.

From an HR perspective, the biggest mistake an organization can make is aiming too low. Many companies believe that converting a paper-based human resource management process to a digital one is where the process stops. Nothing could be further from the truth. That's the point where true transformation is just beginning. Here is a sampling of some of the innovative ideas companies are using to up their HR games, with the ultimate goal of providing their customers with a differentiated experience:

- **Predicting performance**—Employee costs consume **more than half of a typical company's revenue**. And yet few companies have effective ways of predicting which employees will be most productive. The few that do gain immeasurably. Google®, for example, has used analytics to discover that **the ability to take initiative is a much better predictor** of job performance than attendance at prestigious schools or stellar academic Google's inclination for data analytics gives it an advantage, but any organization can adopt similar techniques to gain comparable benefits.
- **Gamifying incentives and training**—Gamification is a new buzzword for an old idea. Since time immemorial, sales teams have maintained leaderboards to help create a sense of urgency and accountability. Now that the digital environment is every employee's de facto workplace, there's no limit to opportunities for introducing gamification to enhance any number of tasks and functions. The US Army, for example, offers an online role-playing game to stimulate recruitment. Cold Stone Creamery® created a training game to reinforce correct portioning behavior to **optimize profitability and customer satisfaction**.
- **Creating a workforce of one**—Technology is making it possible to create a **highly personalized, individualized work experience**. This allows companies to recognize the unique talents of each employee and deploy those talents to maximum benefit. Tomorrow's HR organization will need to reengineer its talent system, and develop HR capabilities that put a priority on personalization rather than sameness, like offering individualized career paths, personalized incentives, and adjustable work schedules. Beyond providing better business results, this concept helps companies attract and retain the types of employees that can deliver a consistently excellent customer experience. Best Buy®, for example, takes advantage of this technique to keep employees assigned to the areas in which they perform best.
- **Enhancing the strategic value of the HR function**—Digital technology blurs the lines between traditional HR functions and the daily operations of the business. As a result, HR can become an important contributor to the management of any organization that strives to establish leadership in its field and use digital transformation as a catalyst for growth and differentiation.

What's required

The tools of digital human resource transformation are the same as the ones you need for the rest of your digital transformation. However, digital HR transformation gains distinct benefits from those same tools. For example:

- **Integrated analytics**—In a fully digitized work environment, you have access to an extraordinary abundance of data about employee activities. Everything from time and attendance, to email usage, to web browsing history, can become available for collection and analysis. However, unless information is integrated across departments and systems, it's nearly impossible to analyze that data to yield insight or value. Every organization needs to put a priority on establishing data integration and a robust analytics platform to begin its journey to building the workplace of tomorrow. For more on the importance of integrated analytics, read the Perspectives paper "[Driving digital transformation with data science.](#)"
- **Mobile readiness**—The vast majority of today's employees, and nearly all new hires, carry mobile devices. That should be obvious, given that [mobile devices now outnumber laptops and desktops](#) by more than a 5 to 1 ratio. A mobile device is typically the first place employees look for information about anything that matters to them. That makes it imperative that the business systems you expect people to use be built on a mobile-first design.
- **Superior UX design**—Today's best-designed apps spread contagiously. Nobody needs a training class for Snapchat® or Instagram®. The same expectation of instinctive usability must be part of your company's technology platform. Design is not just about how something looks—it's about how it acts and how well it helps you accomplish a goal. Putting a priority on great design can bring business benefits that last indefinitely.

How to get there

Just as human factors will determine the success of your digital transformation, those same human factors should guide your actions in a smooth, efficient process for making the shift to the new digital environment. While you don't want to rush into this transition, the costs of excessive delays can also add up—especially if you get outflanked by competitors before you've even figured out how to respond.

Identify your goals

As digital disruption overtakes the business world, digital transformation becomes imperative to every company's survival. But not every business leader knows what kind of transformation they need, how to accomplish it, or where to start. It's wise to enlist an experienced technology partner who can bring you the experience and expertise you need for developing a digital HR strategy and executing that strategy effectively.

It's good to begin by collaborating with your technology partner to develop a digital HR strategy and roadmap that will drive your business objectives. Find out more about this topic in "[Building a digital transformation strategy.](#)"

"Supply-side" disruptions

are arguably more dangerous than the "demand-side" disruptions we've known, in that they can threaten a company's very survival.

As part of that process, you should identify digital opportunities, understand the business value of each opportunity, and prioritize based on value and risk. Your technology partner can help you determine what underlying technologies are required to support this transformation by implementing appropriate hardware, software, and cloud solutions.

Find your change agents

Transformation creates a major cultural change in an organization. Although much of that change can be driven by management, it's helpful to enlist change agents from all levels of the organization, so that employees have a sense of ownership of the changes they're about to undertake. The kinds of people you'll want to enlist are likely to be those who demonstrate:

- Charismatic communication
- Enthusiasm for the organization's mission
- Empathy
- Strong coaching skills
- Willingness to take risks
- Low fear of failure

Identify early adopters and champions

It's not uncommon for employees to be fearful of change. However, there are always going to be some people who welcome technology changes. These are the early adopters, the enthusiasts, and the adventurous types, who will help inspire other employees to follow their lead. These individuals are typically:

- Adaptable to change
- Eager to learn new things
- Innovative
- Open to constant improvement

One common mistake is to simply hire a bunch of Millennials to lead a digital transformation, based on the erroneous assumption that their lifelong immersion

in digital experience will naturally make them transformative leaders. Those characteristics have nothing in common, and digital experience doesn't automatically confer the wisdom, skill, and leadership required to guide an important organizational transition. The old adage still applies—hire for attitude, train for skill.

Look to the future

As digital technology continues to change our world at an accelerated pace, it will also expand the ways in which it permeates every aspect of our working lives. It will also fundamentally transform the HR function by turning it from a distinct, disconnected staff function into something that's embedded in the fabric of everyday business operations. By launching that transformation now, you put your organization on a path to success that can help it adjust naturally to the rapid tempo of changes to come.

About Hook & Loop Digital

By bringing together a top-down business approach with a bottom-up experience approach Hook & Loop™ Digital adds customer, employee, and operational value. They leverage disparate products and services, as well as existing technologies, to create, build, and manage enterprise-level digital ecosystems. By helping you innovate on an enterprise scale, Hook & Loop Digital helps you create a long-term competitive advantage that builds demand and engenders loyalty.

Find out more about
Hook & Loop Digital



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