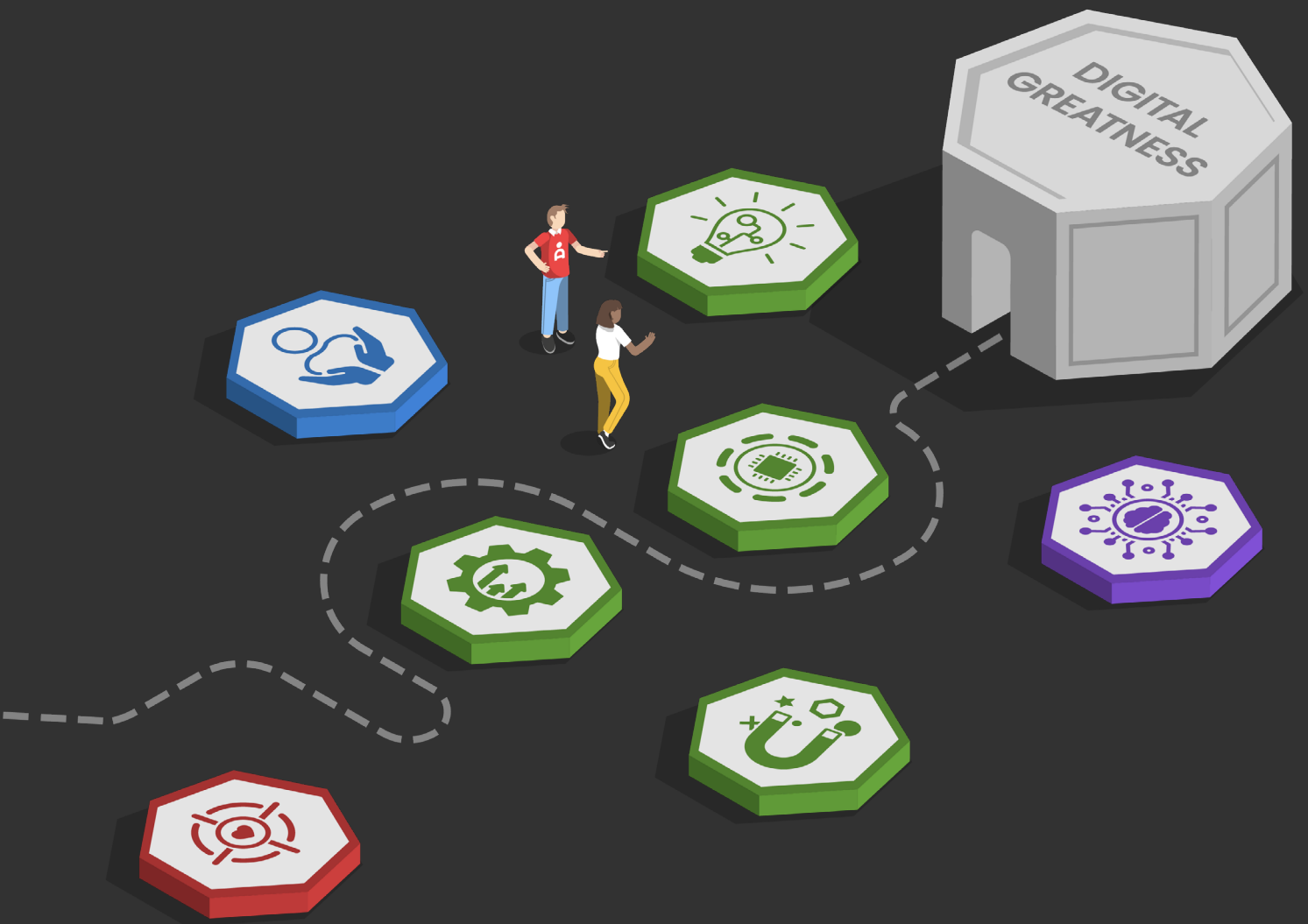


A short guide to becoming Digitally Great



The benefits of becoming Digitally Great

Many organisations are on a journey to becoming better at digital and technology. They know the risks of doing nothing, yet not all are succeeding.

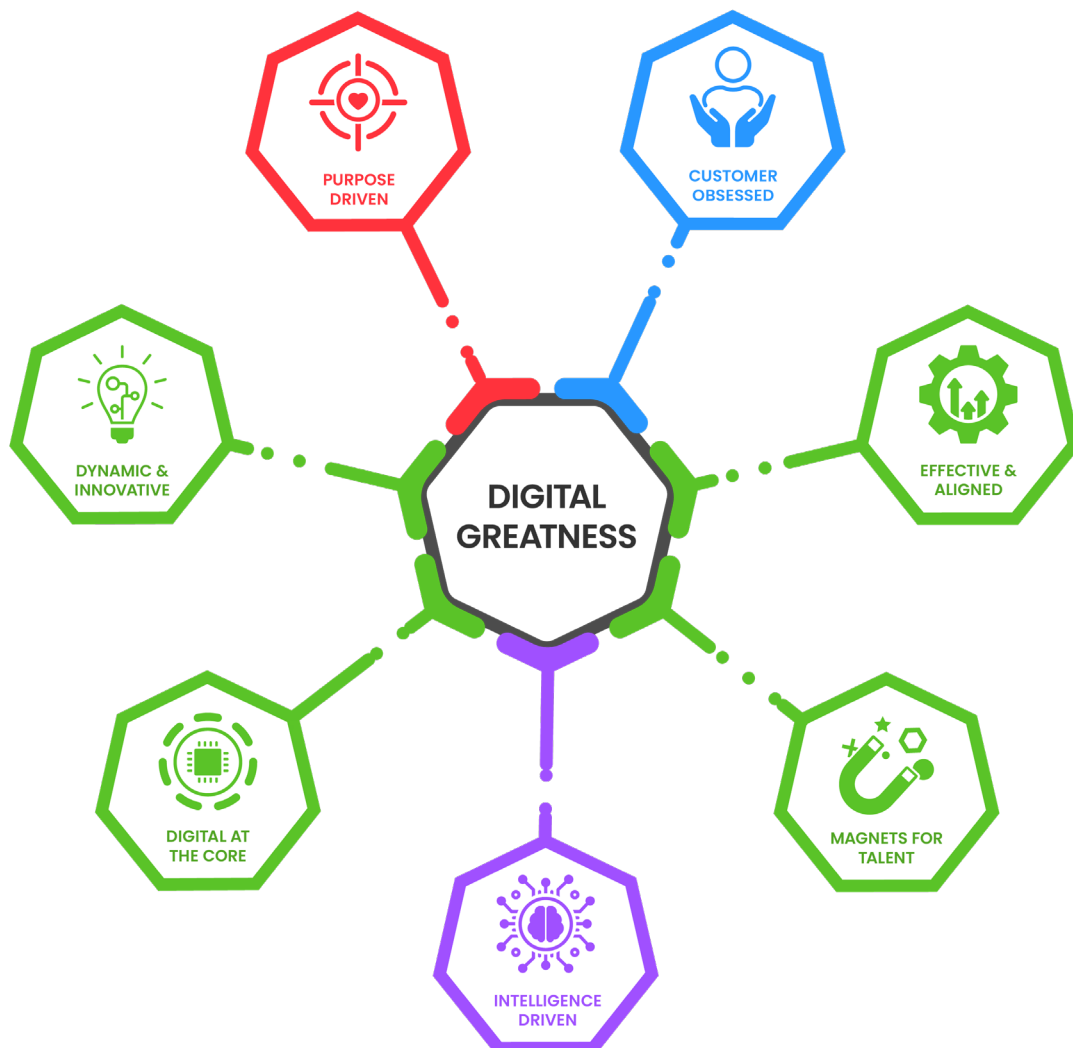
Many companies are within touching distance of being truly great at digital: what can we learn from them?

The characteristics of Digitally Great organisations

Digitally Great companies enjoy benefits including elevated financial performance, true business agility and organisational resilience. They understand and care deeply about their customers' needs and know what it takes to create value for them rapidly.

Research by AND Digital shows that these organisations tend to share a set of distinct

characteristics that enable them to be successful. Through working with and analysing the habits of high performing organisations in retail, manufacturing, technology, engineering, financial services, media and the public sector, we understand not only the characteristics of Digital Greatness, but the steps every organisation can take on the complex journey to achieve it.



How to become Digitally Great

1. Be Purpose Driven

Digitally Great companies are driven by a powerful, clear purpose that is widely understood within and beyond the business.

This vision is communicated powerfully using simple words that inspire and align the right behaviours at every level of the organisation. Each division, team and person knows their role in contributing to this purpose and are motivated to achieve the common goal. In the very best businesses 85% of employees know the purpose¹.

A good example of a purpose driven company is WaterAid. Its uncomplicated and emotive mission 'to make sure everyone, everywhere has clean water' is unequivocal, thought provoking and universally understood.

One of the great practical benefits of bringing a business purpose to life is the way it can help leaders maintain a clear

focus. Put the purpose first and it informs the vision, mission, strategy, culture, and guides all decision making. It helps ensure a business cascades the right behaviours throughout the organisation.

Purpose driven businesses find it easier to attract and retain talent, with research showing Millennials with a strong connection to the purpose of their organisation are over 5 times more likely to stay. This connection can also translate externally to consumers, with purpose driven brands being perceived to care more, which in turn cultivates increased brand loyalty². For this reason, organisations must be careful to ensure their purpose is authentic to the mission of the business, or risk alienating consumers and employees.



¹ Source: Strategy - The Art and Science of Strategy Creation and Execution, page 5, based on 300,000 employee surveys - Crainer & Dearlove

² Source: <https://www.forbes.com/sites/caterinabulgarella/2018/09/21/purpose-driven-companies-evolve-faster-than-others/?sh=70688bf855bc>

2. Operate in a Dynamic & Innovative way

In today's digital economy, traditional positioning strategies are often too slow and unwieldy. Chris Zook, Head of Worldwide Strategy at Bain & Company, states that "only 15% of the variation in financial performance among companies is due to their positioning strategy. 85% of the variation in performance relates to how businesses compete."

To respond quickly to change and seize opportunities, an organisation must embrace a dynamic view of strategy, which emphasises outplaying and outmanoeuvring competitors using its core capabilities. Leaders must design their organisation for what is needed to win.

In the digital era, competitive advantage is centred around the technological and digital capabilities you have at your disposal, and your ability to build these capabilities at speed.

The most well-known example of a company that operates in a Dynamic and Innovative way is Google. It constantly tests concepts, launches new products and retires those that display a limited future potential.

Google has an in-house incubator called Area120 which allows them to rapidly test and launch new products. Examples of this include Threadit - a tool for recording and sharing short videos which existed 2021 - 2022 before the technology developed in the product was rolled into Google Workspace."



"...only 15% of the variation in financial performance among companies is due to their positioning strategy. 85% of the variation in performance relates to how businesses compete. "

– Chris Zook, Head of Worldwide Strategy at Bain & Company

³ Source: <https://killedbygoogle.com/>

3. Become Customer Obsessed

The challenge for every organisation is to minimise the gap between the value it thinks it is offering and the value that is actually received by its customers.

Digitally Great companies create actual customer value by ensuring everything they do, from decision making to budget allocation, is done with customer benefit at its heart. They thoroughly understand their customers' changing needs and continually optimise their customer experiences by ensuring they are designed, managed and improved based on those priorities.

Monzo, the disruptive challenger bank, is a strong example of being Customer Obsessed. It has a 'relentless focus on real customer needs', and constantly gathers insight and feedback from its customer base.

We see this clearly through mottos such as 'help us build the bank you want to use', which are more than just lip service, since user-generated ideas such as transactional round-ups have made their way into main product offerings. The benefit of customer centricity cannot be overstated; having launched in 2015, Monzo had accrued 5.3m users by 2021, more than 10% of the UK's adult population³.

“ It’s not just listening to customers regarding what they want, it’s deeply understanding true customer needs in order to help them make progress with their jobs to be done. As an organisation this means setting yourself up to spend time understanding these needs, having a mechanism to turn the understanding of these needs into discovery opportunities, involving the customer in this process, and then finally evaluating whether measurable value has been delivered to both the customer and the organisation. ”

– Emily Brosnan, Head of People Consulting, AND Digital.



⁴ Source: <https://www.ycombinator.com/blog/monzo-makes-money-work-for-everyone>

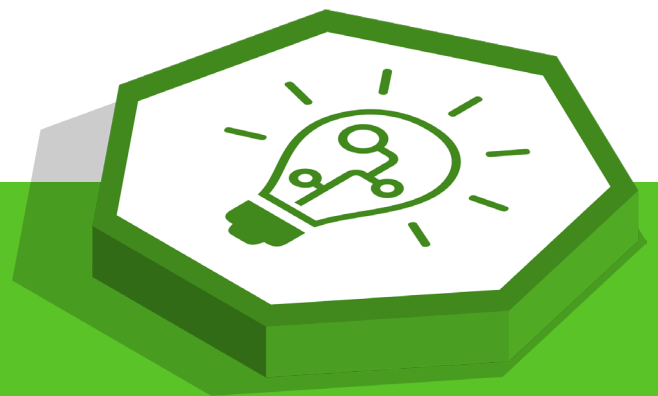
4. Create an operating model that is Effective and Aligned

To deliver the unifying purpose, organisations need to ensure their actions and behaviours flow in harmony. This requires an effective agile operating model, with all activities aligning to the common purpose. This agile model means that the company can support rapid change through continuous iteration, resulting in a business that is fully focused on value creation for its customers.

Leading organisations ensure agility through the simplification, standardisation and automation of processes and technology. They optimise partner networks, streamline/reorganise teams, align support functions to business priorities, and improve employee satisfaction through the removal of manual tasks. This simplification helps eliminate the gaps and inconsistencies in thinking and planning that can result in fragmented experiences.

Amazon excels at being Effective and Aligned. All layers of its fulfilment network [internal and third party] are seamlessly integrated and thoughtfully structured, allowing the business to easily pivot to seize new opportunities.

They have become known for their “twopizza team” structure, which dictates that no team should be larger than what two pizzas can feed, enabling them to remain nimble, focussed, and empowered to make decisions that best serve their customers. They experiment with ideas, from pricing A/B tests to entering the electronic devices market in 2007 with Kindle⁵ - innovation their operating model both supports and encourages.



⁵ Source: <https://www.shrm.org/executive/resources/people-strategy-journal/spring2019/pages/galetti-golden.aspx>

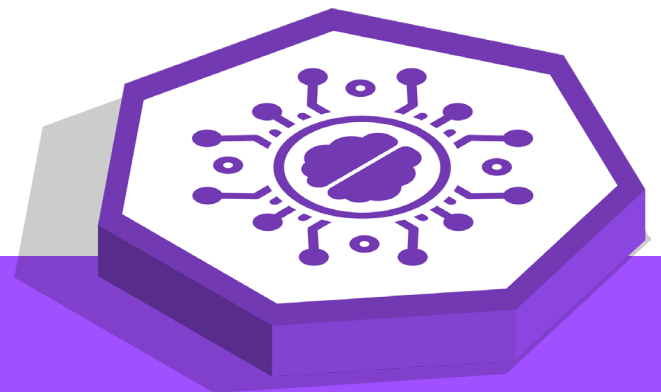
5. Become Intelligence Driven

For organisations to pivot and react successfully to changing market and competitive demands, they need strategic, financial and operational decisions to be highly dynamic and based on accurate analysis of past and present data. This enables companies to take an informed view of future scenarios. Information needs to be at the heart of decision making with the culture, capabilities and processes that enable the right information to be in the right hands at the right time.

This is true data intelligence - harnessing and accelerating the value which can be delivered from an organisation's data assets. Product teams can anticipate and meet customer needs, predicted performance drives better decision making by everyone, and intelligence-powered strategic roadmaps enable timely course-correction.

Through their Nectar loyalty card scheme, Sainsbury's gathers a huge amount of data on customer preferences and shopping patterns with its 15m customers.

As well as offering customers tailored offers based on their activities, the company is able to offer a wealth of insight to partner companies on how customers engage across product categories.



“ Organisations have traditionally focused just on the technology needed to process their data. What we see in those companies which really achieve Digital Greatness is a culture of being intelligence driven across the board, where everyone understands how they can use data to make a difference in their role. ”

– Tim Hatton, Head of Data & Insight, AND Digital.

6. Put Digital at the Core

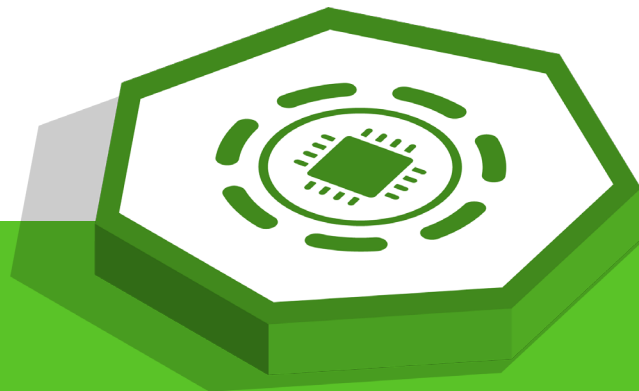
The most successful companies place exceptional digital capabilities at the core of their organisation. This applies even to organisations that became large and successful in a pre-digital world. They strive to understand how digital can create value within their ecosystem, and clearly identify opportunities and risks and make plans to tackle both. They have a strong digital execution and delivery capability that enables them to rapidly translate strategy into reality, using digital technologies as needed.

In addition, Digitally Great organisations engage with customers in a meaningful way across all channels. Their employee and partner networks are more productive due to better knowledge sharing and collaboration. Structures are in place that drive rapid delivery not only of new digital products and services, but new architectures, platforms and technology capabilities that underpin enhanced agility, risk management, security and efficiency.

Organisations such as Netflix, Amazon, The Very Group and Screwfix all stand out in

terms of placing digital development at their core. Netflix re-invests 10% of its revenue to develop its technology in a simple and scalable model to deliver effectively and rapidly. It has patented technology and uses adaptive streaming to adjust quality and speed to suit network conditions.

In 2018, Amazon spent \$22bn on R&D⁶, the equivalent of the entire UK business community spend in 2016⁷. The retailer Very moved from a bricks and mortar and catalogue retailer to become an 80%+ online retailer, while for the last 15 years Screwfix has been able to fulfil orders (from submission to ready at a local store) within 7 minutes. Screwfix's online forums also created the space for tradespeople to exchange ideas and solutions and led to a huge uptake of its mobile app, where the vast majority of its transactions now take place.



“ Putting digital at the core of your organisation means having a digital strategy that not only aligns with business strategy, but enhances it and amplifies it. It means deploying technology in a way that allows adaptation and reaction to emergent market forces and focuses on customer needs. It’s approaching your technology as a platform rather than individual projects that solve specific organisational problems. It’s having the optimised delivery execution and change capability to leverage that platform and deliver business value rapidly and in an ever changing environment. ”

– Stuart Barker, Head of Technology, AND Digital

⁶ Source: <https://www.bloomberg.com/view/articles/2018-04-12/amazon-doesn-t-believe-in-research-and-development-spending>

⁷ Source: <https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/researchanddevelopmentexpenditure/bulletins/ukgrossdomesticexpenditureonresearchanddevelopment/2016>

7. Become your sector's Magnet for Talent

Digitally Great companies are composed of individuals and teams who share clear goals and are empowered to make decisions. They demonstrate their commitment to personal development and offer a clear and attractive people value proposition. As a result, they attract and inspire loyalty in their people and generate unfaltering advocacy among their employees (past and present) and partner networks.

The LEGO Group is a company that people clamour to work for. LEGO believes that children are our role models and its leadership playground - where all employees can learn to be leaders - is built on playground behaviours of being brave, curious, and focused.

LEGO has a strong social agenda, hugely valuable for the younger workforce, is a world leader in digital child safety, and holds itself to account on four public promises - Play Promise, Partner Promise, Planet Promise, and most importantly for talent, their People Promise. LEGO truly cares about its people, promoting a diverse and inclusive workplace with generous paid parental leave and childcare provided at all workspaces in its supply chain.

“ To attract any talent in the current market you need to ensure you are telling your story and showcasing what any prospective employee will get from you as an employer. We want potential candidates to understand where we are as a business and a tech function, and where we are heading.

This isn't just about attracting the right candidates for now; it's allowing candidates to self-select out before they even think about applying, as they may decide we're not the right company for them at the current stage in their career. By telling our story it's enabled us to attract the right candidates to help us on our tech journey and really be a part of something big. ”

– Sean Allen, Head of Talent Acquisition,
The Very Group



Putting Digital Greatness into practice

In a series of online events, AND Digital is talking to the organisations that are already exhibiting the characteristics of Digital Greatness. Together, the insights from companies including Sky, The Very Group, Nationwide, Tombola and Zoopla, build into a suite of practical tips and guidance to help your organisation on the road to Digital Greatness.

At our session on 'How to be Customer Obsessed & Intelligence Driven', for example, we explored what Customer Obsessed means in a practical sense. Laura Drysdale, Head of Product at Zoopla said:

“There is nothing we are doing—nothing that we ideate on, no problem space we approach, no piece of data we look at and no element of the strategy we build—that does not have our customers in mind.”

We asked how Data Intelligence was supporting the customer obsession. Sky's Natasha Senior, Senior Experimentation Manager, told us:

“We've seen a big pivot from pure analytics and numbers. We start everything with user research now. We tell users about our current journey and ask them

how they're struggling with it. Then we add data tools on top of that. Bringing those two elements together and testing hypotheses on the back of that has made us far more successful with the development and testing we build in-house. The combination has really helped hit the sweet spot in driving successful outcomes.”

We asked how aware customers are of the value of their data and how organisations build trust. Nationwide's Sean Esmonde, Chief Product Owner, Customer Data said:

“We have such a high level of expectation now for how the data we provide gets shared. The flipside of that is the trust dynamic, so we're doing a huge amount of work on how we manage and store customer preferences as part of the vulnerability, accessibility, inclusion and gender consumer duty. Part of that is ensuring that when people share data with us they know exactly how it's going to be used.”

Digital Greatness Assessment

Our specialist consultants can help understand where your business is strongest, where there is opportunity to improve, and guide you through the key decisions and changes you need to make to move towards Digital

Greatness and thrive in today's tough operating conditions.

Discover where you are on the journey to Digital Greatness with our assessment tool.

Contact us now to book in a free Digital Greatness Assessment.

About AND Digital

AND Digital is a digital services company with a mission to close the world's digital skills gap. It guides, builds and equips organisations in the development of world-class digital capabilities. Employing 1,700 strong and growing digital experts, its unique approach of equipping its clients with the digital skills and capabilities they need to excel, rather than leaving them dependent, has been the driver of the company's rapid growth. AND Digital empowers organisations including BA, Diageo, Whitbread, Taylor & Francis and the Telegraph Group, with the ability to build digital products AND grow their internal capability along the way.

To achieve this, the company blends technical craft and digital product expertise with an award-winning learning and development ethos. Ranked 10th nationally in The Sunday Times 100 Best, among The Sunday Times Growth 100 2022, AND Digital is also rated as one of The Next Web's Top 5 fastest growing UK tech companies. AND Digital operates through an innovative series of nimble, Agile 'Clubs' across the UK in cities including London, Leeds, Manchester, Maidenhead and Halifax – plus Amsterdam - offering a flexible and highly responsive service to clients.