

MAKE
CHANGE
HAPPEN

NORTH
HIGHLAND

CHANGEMAKERS:
THE DATA AND
TECHNOLOGY EDITION

FOREWORD

Nothing stands still these days. Businesses must embrace continuous improvement as an essential element of their strategies—otherwise, they'll ultimately become obsolete.

Consider today's platform-led competitive landscape. By 2027, platform companies—think Amazon, Uber, and Airbnb—are expected to control 60 percent of commerce.¹ They make a profit from buying or enabling the transactions of third parties. But it's not just the Amazons of the world who are taking advantage of this business model—more traditional, established organizations are also dabbling in the platform scene to stay relevant. Take the hotel company Marriott, which recently partnered with Expedia to offer a cutting-edge package. While Expedia is providing the technology, flights, ground transportation, tours, and activities, Marriott is covering the hotel side.²

As more and more companies adapt their business models for a platform-powered world—one marked by continuous improvement and tech-enabled rapid innovation—leaders must ensure that their organizations can successfully operate within it.

And the way to prepare is through **digital transformation**.

It doesn't matter what's driving your transformation journey—perhaps it's a new competitive threat, shifting customer preferences, changing workforce dynamics, or operational challenges—**data and technology** *must* be at the heart of your change strategy to achieve enterprise-wide transformation. Data and technology are what the steam engine was to the Industrial Revolution: the force behind its success. You must fundamentally reimagine your data and technology architecture and supporting organizational capabilities across every business area to not only compete but *win*.

¹ "An Introduction to Online Platforms and Their Role in the Digital Transformation," OECD, 2019.

² "Expedia Is Now Helping Marriott Sell Hotels on the Chain's Website," Skift, Sept 2016.

At North Highland, we bring together this architecture and group of capabilities under one concept: the **digital core**. This is an integrated system that powers your ability to transform.

Your digital core helps your business sense change through data and respond to it effectively through capabilities—ranging from your technology and your operations to your people.

A strong digital core:

- **Enables you to adapt quickly to new opportunities, challenges, and regulations. With the ability to flex, you can benefit from unexpected volatility in your industry or environment.**
- **Helps cut costs, improve reliability, increase speed to market, and provide the insights required to make informed decisions and sustain growth in the face of constant disruption.**
- **Integrates and automates the business activities of customers, the workforce, and operations, giving all stakeholders a common view of your company.**

Naturally, digital transformation involves modernizing your digital core and positioning it for the future. But that's only half of the story. To support new data, technology, and operating capabilities, businesses must instill **agile mindsets** throughout their organization; a knack for learning, building, and measuring can enable both the workforce and enterprise to respond to change faster than the competition.

Digital transformation is therefore twofold:

1. **It's the technology and data we harness (the "thing"); and**
2. **It's the mindsets and ways of working we adopt to drive lasting change (the "way").**

So, now that you know about the digital core and what's required to execute digital transformation, you're all set, right? Wrong.

Disruption is now a constant in today's world. Every business must create digital strategies that allow them to flex as conditions change. The best way to build an adaptive strategy is to consider the signals of change across three aspects of your business: **customers, workforce, and operations**.

Do this, and you'll be able to think through multiple future scenarios, understanding exactly where and why digital transformation is needed. What's more, it'll enable you to prioritize those activities that allow you to take full advantage of the opportunity in front of you.

▶ THE "THING" AND THE "WAY"

Digital transformation is vital for change, but it's insufficient by itself. To be successful, there needs to be seamless interconnectivity between technology (the "thing") and the adoption of agile mindsets (the "way"). What's more, it all needs to be rooted in a vision for a digital future that creates new value.

In this e-book, we'll explore how you can get the most from your data and technology—all while balancing customer impact and growth, workforce benefits and risks, and your operating model. Anchored in a strong digital core, we'll reveal how you can drive value through digital transformation for both your business and its stakeholders.

Read on to discover the building blocks of a strong digital core, and the steps needed to achieve seamless interconnectivity, in order to:

CHAPTER 01

Drive customer engagement with data and technology

CHAPTER 02

Empower the workforce to enable your digital core

CHAPTER 03

Unlock your digital potential with operational excellence



CHAPTER 1:

DRIVE CUSTOMER ENGAGEMENT WITH DATA AND TECHNOLOGY

2020 was the year customers went “digital-first”—in many cases out of necessity from the pandemic. Customers are now armed with the technology that empowers them to live, learn, bank, and shop digitally. As CIO.com puts it, “With digital came new behaviors, more options, and exposure to better, more intuitive digital experiences. Customers found themselves experimenting with options because their needs rapidly adapted to the intensified digital-first world.”³

The platform business model has also taken the place of traditional product- and service-based businesses, and this has an additional effect on how customers connect, interact, and buy.

And all of these changes have transformed customer behavior. Customers:

- **Have altered how, when, and where they find, purchase, and use goods, services, and experiences.**
- **Prefer to buy from those who can deliver a seamless digital experience.**
- **Increasingly expect brands to offer unique, personalized experiences.**
- **Favor brands that take a stand, create purpose-driven impact, and share their values.**
- **Place importance on people-first and empathetic interactions with businesses—even with technology enabling experience at scale.**

These substantial shifts in buyer behavior mean that more customers are up for grabs than ever before. In fact, 68 percent of consumers agree that their loyalty has become difficult to

secure.⁴ While this does present a challenge, it also presents an opportunity—if you have a strong digital core. With the right data and technology architecture, as well as organizational capabilities, you can more effectively adapt and win over customers.

We’ve collated three ways to leverage your data and technology. Incorporate them, and you’ll be better able to understand customers as their preferences change, improve engagement once you’ve successfully attracted them, and deliver an upgraded digital experience that will ensure they keep coming back.



Sixty-eight percent of consumers say that their loyalty is now more difficult to secure.

[Source: “2021 Premium Loyalty Data Study,” Clarus Commerce, Sept 2021.]

³ “Customer loyalty is up for grabs; retention is now mission-critical,” CIO, April 2021.

⁴ “2021 Premium Loyalty Data Study,” Clarus Commerce, Sept 2021.

HOW TO USE DATA AND TECHNOLOGY TO WIN OVER NEW AND EXISTING CUSTOMERS

1. START WITH INSIGHTS

As a modern digital business, you need to be closely attuned to the evolution of customer decision journeys. You have to fully grasp how customers' rapidly changing expectations *and* behaviors are developing inside and outside of your business and sector. More broadly, you also have to understand how they're affected by external forces like technology and the pandemic.

Data is one of your most valuable assets, and mining it for insights will allow you to identify who your customers are (current and desired), their needs and preferences, and the solutions you can implement to elevate their brand experience. That is, if you use it in the *right way*:

- Extract meaningful patterns from various data and advanced analytics sources. These tools will enable you to effectively predict customer behavior and changing needs, define and anticipate key outcomes, and develop practical data and technology solutions. The information collected can help you form interactive, visually compelling, and actionable insights if you utilize leading platforms like Power BI, Tableau, Qlik, and MicroStrategy. For example, analyzing third-party data—such as customer reviews from Google or Yelp—allows you to keep a pulse on sentiments.
- Build a **customer data blueprint** to organize these insights and paint a 360-degree picture of your customers and their pain points, wants, and needs. This will help you establish current and desired customer segments along with potential markets to grow future opportunities and your ideal portfolio. It could also tell you who your prospective disruptors may be.



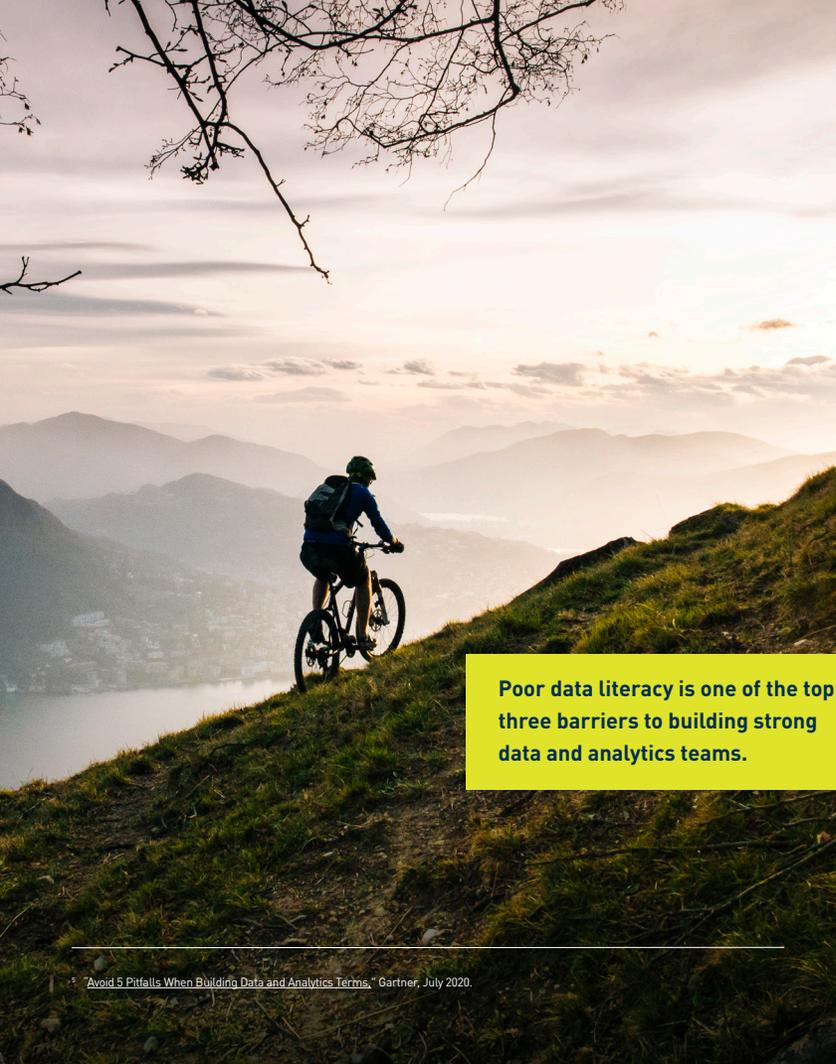
Analyzing third-party data, like customer reviews, is another valuable way to stay on top of how your customers feel. This feedback is deep in insight.

Importantly, assessing these customer inputs must be a continuous process—it's not enough to deliver a one-off customer journey. You need to employ a cyclical dynamic, where customer relationship management (CRM) processes and capabilities are perpetually evolving based on inputs and data to create product and service loyalty. Ultimately, it's about learning, building, and measuring.

Getting to know your customers—and what they actually value more than price and features—will ensure that you can build both engagement and loyalty. But it's what you *do* with the information that truly makes the difference. And this is where data literacy and maturity come into play.

2. BUILD THE CAPABILITY TO LEVERAGE INSIGHTS

What is data literacy? It's the degree of skill and capability an organization possesses that enables your workforce to make better decisions by applying data. A recent Gartner survey revealed that poor data literacy is one of the top three barriers to building strong data and analytics teams.⁵



Poor data literacy is one of the top three barriers to building strong data and analytics teams.

⁵ "Avoid 5 Pitfalls When Building Data and Analytics Teams," Gartner, July 2020.

Data literacy is a key requirement in the modern business world—it can solve complex problems, and quickly. But how can we evaluate and improve it within an organization? There are seven factors to consider:

1. **The tools to explore and create data insights.**
2. **The system of standard processes, technologies, and roles that ensure that data quality is continuously taken into account.**
3. **The communities of individuals who are passionate about learning and sharing data and analytics.**
4. **The analytic competency models and skills frameworks by role and level.**
 - As you define these models, you'll likely identify skills gaps—this can help inform your training plan and define the learning journeys required.
5. **The competency models applied to talent acquisition.**
6. **The training programs to continually upskill and reskill.**
7. **The distinct, monitored metrics or KPIs to measure data literacy progress and evaluate your efforts.**

In addition to taking into account these key factors, it's helpful to perform a **data literacy assessment** across standardized categories. From here, you can create data literacy dashboards that show progress and maturity over time.

“In a world of more data, the companies with more data-literate people are the ones that are going to win. Data literacy has always been a requirement in successful organizations. It's just that data illiteracy is more obvious now—or data illiteracy just causes more damage now than it used to.”⁵

MIT Sloan senior lecturer Miro Kazakoff

Ensure that data successfully drives business value and is embedded within the organization through tools, governance, training, and ongoing competency analysis.

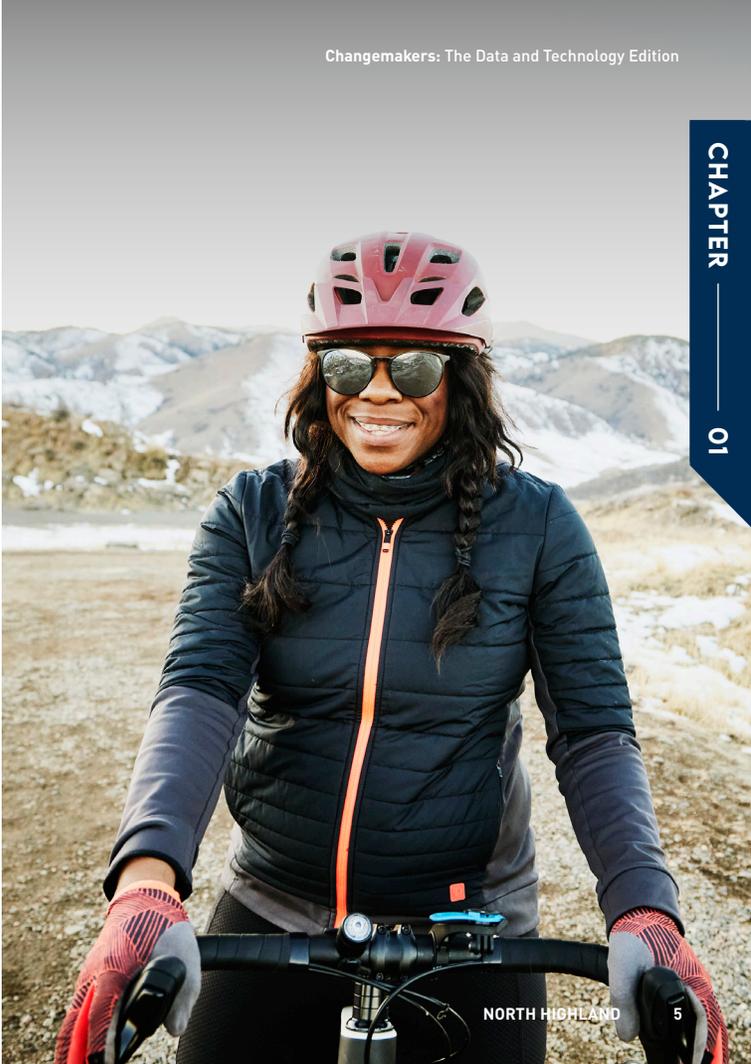
3. ASSESS DIGITAL TOUCHPOINTS AND MATURITY

Having the right insights and the ability to use them is essential to any data strategy. Once you've got this foundation in place, you can leverage the information to improve business outcomes or, in this case, analyze your organization's digital maturity for functional areas in order to elevate CX:

- **Draw on data and analytics to review customer interactions or brand touchpoints.** As soon as you plot these out, you can establish opportunities to infuse more technology into your processes (or improve what you already have in place) to create more seamless and efficient customer experiences.
- **Use human interaction to your advantage.** Customers are still people first and foremost, so place importance on empathetic engagements before anything else. Discover what they value in the moment, and be considerate about designing a people-centric experience where each touchpoint can help strengthen relationships and loyalty.⁶

Clearly, it's important to enable your organization to deliver customer excellence through data, insights, and technology. However, it's worth noting that you also have to prepare your workforce to adopt your data and technology by considering their skills and your culture. And that's what we'll be focusing on in the next chapter.

⁶ "Customer Loyalty Is Up for Grabs: Why Your Strategy Is Critical," Salesforce, May 2021.



▶ DIGITAL TRANSFORMATION STRATEGIES MUST STILL PLACE PEOPLE FIRST

“You have to be thoughtful about human-centered design and [customers’] experience. Understand what people value in the moment of engagement. Take insights from the technology people use every day. Smartphones help people pass time while they’re waiting. How do you take a Snapchat or Instagram experience and apply that to your business? How do you stitch together experiences people love to build loyalty? These become enhancements to an incredible relationship because it’s intentional.”

– Brian Solis, Global Innovation Evangelist at Salesforce.

[Source: “Customer Loyalty Is Up for Grabs: Why Your Strategy Is Critical,” Salesforce, May 2021.]

CHAPTER 2:

EMPOWER THE WORKFORCE TO ENABLE YOUR DIGITAL CORE

What makes a successful transformation? In a restaurant, the ingredients and cooking supplies are crucial, but it's the chef who transforms them into a delicious meal. Similarly, the data and technology that form your digital core are central to your digital transformation, but a great deal of your ability to successfully react to change relies on your employees' willingness and aptitude.

We introduced this concept in this e-book's foreword, but it's worth repeating: For a successful digital transformation, seamless interconnectivity of data and technology is critical—along with the adoption of agile mindsets and ways of working that drive lasting change into your business. Those that have both

a strong digital core and foster the mindset to enable them to effectively work with it will be able to reap the rewards of digital transformation.

If data is one of your most vital assets, then people are *the* most vital asset. For any successful transformation, you need to keep pace with workforce dynamics. These—like customer needs and preferences—are always changing:

- **The labor market is synonymous with high employee turnover and attrition rates, meaning it is increasingly difficult to keep top performers as global job mobility rises.**
- **Employees are seeking work and experiences that align to their personal goals and enable them to develop their capabilities, career path, and sense of belonging.**

So, how can you strengthen your organization's muscle to flex and turn these dynamics into a competitive advantage? Follow these guiding principles....



HOW TO UNLEASH THE POWER OF YOUR PEOPLE

1. EVALUATE AND ESTABLISH YOUR WORKFORCE STRATEGY

Determine whether you have the right people in place to action your digital transformation or need to contract or hire fresh talent to capitalize on your investment. You'll likely need to plan for new roles, reskilling programs, and talent acquisition strategies to ensure that you can make the best use of your technology infrastructure.

2. BUILD THE CAPABILITY

It's crucial that you put your workforce first at every stage of the change journey. Your people need to be equipped with the skills and capabilities to successfully leverage your digital core. Employees will only be ready and excited to accept a new "thing" and carry it forward if they understand how to use it effectively. So, start by getting to know current workforce talents and identifying future skill needs.

Among all capabilities, data is one of the most critical. Create self-service dashboards, democratize access to data, and design data literacy programs. The latter will concentrate on arming employees with the ability to access data, analyze customer behavior, and make insight-driven decisions. Only after this can you then bridge the gaps by investing in digital skills development.



3. INSTILL AGILE WAYS OF WORKING

Building capability is also about establishing agile ways of working—across teams and at scale—to propel ongoing progress and value creation.

Agile is a project management method that promotes the division of work into short phases (sprints) with regular delivery. These also routinely reassess and flex plans in relation to observed outcomes. The agile methodology has many techniques that allow for rapid changes in direction—something that’s crucial in the continuous transformation landscape.

In an agile environment, context and business needs are constantly changing, and teams must adapt regularly to maximize value for customers. Agile teams should regularly reflect on how to become more effective, and then fine-tune accordingly. Specifically, teams may need to know how to successfully pivot based on environmental changes—for example, by embracing new ideas, adapting interpersonal styles, seizing new opportunities from change, and acting even when they don’t have all the information.

Applying takeaways from experience will then allow for better future performance, putting the team on the path of continuous improvement. Tactics might include being proactive in seeking feedback and reflecting, putting learnings into practice, or gaining new experiences.

Building agility into your organization will not only allow you to establish new capabilities and ways of working but will also aid the development of new mindsets that help sustain digital transformation. You can support this by:

- **Leveraging data (the currency of value) to learn, build, and measure behaviors and drive change through people’s ways of working.**
- **Providing education around agile principles, highlighting what it means to adopt an agile mindset.**
- **Training leaders on their role in an agile organization.**

Undergoing a digital transformation means enabling digital ways of working through agile processes and a “learn, build, and measure” mentality.

4. BUILD THE MINDSETS

Mindsets are what truly matter when it comes to embracing a new technology or way of working. After all, mindsets drive behaviors.

It's a **growth mindset** that will help you get the most out of your digital core. To build this into your workforce, you need to first create a culture that inspires it. This should place psychological safety and courage as core values and rewarded behaviors. As a leader, it's your job to ensure that you're establishing an environment that provides an open channel for new ideas, ensures comfort in ambiguity, and promotes failing fast and bouncing back together. Employees will then be open to taking on new skills, capabilities, ways of working, mindsets, and behaviors that enable change and move your business forward.

Here are a few of our top tips for establishing growth mindsets:

- Carry out a **culture and employee experience assessment** to pinpoint what you need to change about your culture in order to breed continuous improvement mindsets.
- Ensure that those at the top are practicing what they preach to cause a trickle-down effect. Otherwise, your workforce will be uninspired and end up being obstacles to change.
- Communicate well—it's crucial to driving engagement as well as building understanding and enthusiasm about transformation. Without it, your workforce won't get the purpose of transformation and what it means for them.



5. ESTABLISH A CHANGE AND PROGRAM MANAGEMENT CAPABILITY

To support digital adoption across the workforce, you should have a strong change management capability to reinforce adaptive principles, processes, and behaviors. This will help your people view transformation as less of a "project" and more "business as usual." In other words, it'll help to ensure that transformation becomes the day-to-day working mindset and part of the organizational culture—instead of being seen as a milestone. You'll be able to promote learning, building, and measuring mentalities and instill new, agile ways of working.

- To encourage change and help build capability, you can form digitally enabled **Centers of Excellence (CoEs)**. These help to increase the rate of technology adoption and value realization.
- As part of managing change (and avoiding change saturation), you need to make space for "the new." That is, digital needs to replace something else so that it doesn't

become a tax. Someone may need to stop doing something so they can start doing something new and carry the change or new way of working forward.

Perhaps you have the right people, with the necessary capabilities and mindsets. But do you have an operating model that supports a strong digital core and agile ways of working? Do your systems and processes allow you to quickly action new digital solutions and accelerate delivery to enhance CX?

You must approach transformational changes from all sides, including the operational lens. In the final chapter of this e-book, we'll focus on how you can reimagine your operational capabilities to enable digital transformation and drive business performance.



CHAPTER 3:

UNLOCK YOUR DIGITAL POTENTIAL WITH OPERATIONAL EXCELLENCE

Facing pressure to cut costs, reduce time to market, and improve quality? Leaders make changes to satisfy these demands, yet many struggle to create a streamlined flow of information across their organization. Understanding what needs to be done, along with how, when, why, and by whom—and then managing this consistently with full visibility of the overall process—is the basis of an effective operating model.

Your operating model ultimately serves one purpose: to help you deliver and achieve results. Through that lens, it's a dynamic structure that creates the environment to power performance. It's also the perfect demonstration of how data and technology, as well as other crucial

elements of your business (such as people and structures), unite to action a transformation. In this way, it functions more as a high-level plan that supports strategic goals and objectives, guides day-to-day decisions, offers clarity during change management efforts, and empowers all employees to make customer-centric decisions.

A well-defined operating model is vital, providing your company with a blueprint for transforming, adapting, and competing. As with all other aspects of business, digital is disrupting traditional operations:

- **Customers are migrating to digital purchase paths, and this demands a very different method of order fulfillment. For example, one of North Highland's clients now fulfills less than 50 percent of its orders from stores where it used to fulfill 90 percent. The supply chain must go through a substantial transformation to adjust to this behavioral change.**
- **Automation, self-service, and flexibility are helping to enable digital operations and streamline back-office functions such as HR, finance, and procurement.**

Such changes also bring opportunities. Consider taking the following actions to reimagine your operating model—you'll be able to elevate day-to-day activities, attain efficiencies, and drive digital transformation in order to ready your business for what's next.

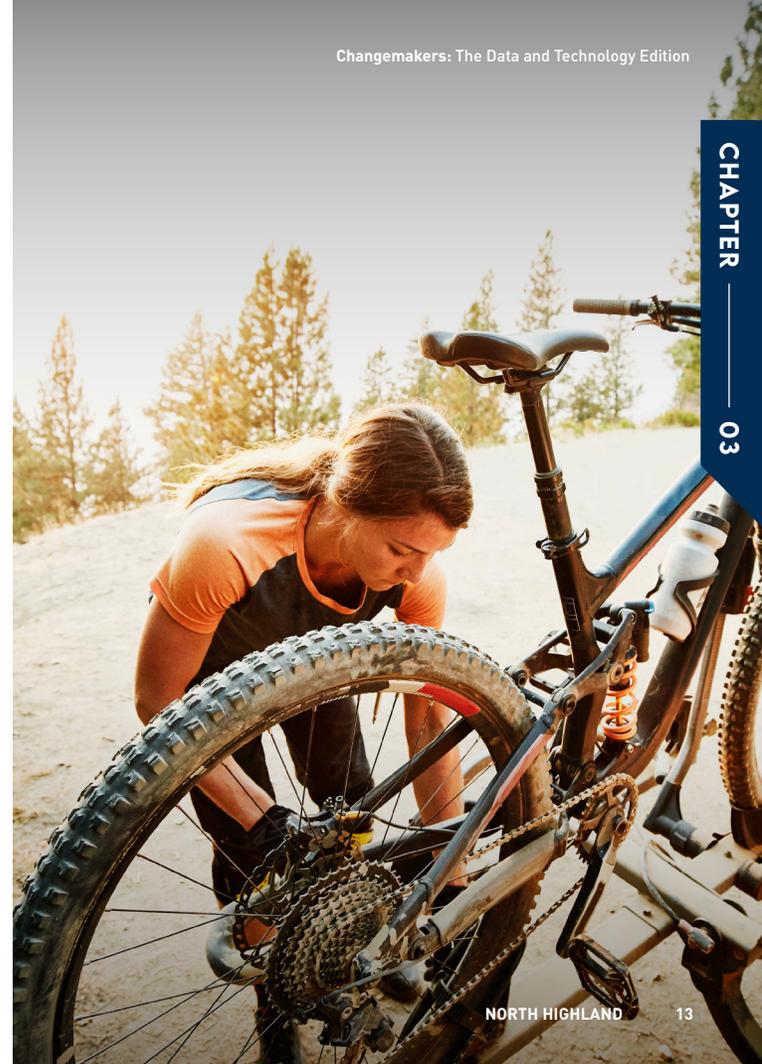
HOW TO REIMAGINE YOUR OPERATING MODEL

1. ASSESS, THEN DESIGN

As with the customer and workforce lenses, it's crucial to start by gauging the current state of your operating model:

- **Think about new business needs to define a target operating model for the future organization, including your organizational structure and distribution networks.**
- You'll need to align and engage talent in your business strategy through organizational structure and strategy design, competency definitions, operating processes, and job and career frameworks.

- Integrate your digital vision into your operational strategy, aligning the front and back office, managing impact to operational infrastructure, and improving supply chain efficiencies.
- Seek ways to standardize business processes, systems, and data to boost operational efficiency.
 - You should assess your current technology platforms: Do they enable you to learn, adapt, and accelerate toward your ultimate vision? And do your platforms permit you to gather data, apply intelligence in real time, and offer greater value along the customer journey? If not, reimagine your technology strategy and the stack required to surpass company objectives, enable operational efficiency, and support sustainable growth.
 - Rather than looking at siloed technology solutions, configure your tech stack around platforms that lead to positive outcomes. They should provide cloud-enabled and hyper-scalable capabilities across business units, product lines, geographies, and global operations.
 - Identify opportunities to reduce complexity and improve operational efficiencies in middle- and back-office functions through robotics and AI or a robust and integrated infrastructure of technology and operating capabilities.
- Outline clear steps to develop and embed your target operating model in an iterative way. Get specific by establishing a conceptual blueprint that empowers all the components that will support transformation and deliver continuous value.



2. PRIORITIZE AGILITY TO BUILD FOR CHANGE, ADAPTABILITY, AND CONTINUOUS DELIVERY

Your target operating model shouldn't be considered a final destination, especially as competitive and market forces are in a constant state of change. You must continually evaluate and improve. It's not about building and walking away—it's about building to change, adapt, and continuously deliver.

Despite the importance of adaptive operations, only 30 percent of business leaders are "very prepared" to address operating model flexibility.⁷ So how do you go about it? Well, to build an adaptive operating model, you should look again at the principles of agile. By ensuring that your operating model supports agile ways of working, you'll be able to iterate as conditions change. Then, as you get into the habit of making incremental improvements, you'll begin to reach a normal data and technology funding cycle (as opposed to dishing out massive investments).

Even though there's evidently a great need for adaptive operations, only 30 percent of business leaders agree they're "very prepared" to tackle operating model flexibility.

"Beacon 2021: Executive Summary," North Highland, 2021.

Constantly improving and flexing your operating model allows your organization to easily move to the next generation. As a result, you'll avoid massive investments in data and technology.



⁷ "Beacon 2021: Executive Summary," North Highland, 2021.

3. INTEGRATE INSIGHTS INTO YOUR STRATEGY

You can also use data and analytics to inform strategic decision-making, positively impact tracking, and manage operations on an ongoing basis to deliver better business results and flex when needed.

We recommend two steps here:

1. **Architect and build the infrastructure to gather insights.** For your organization, this might mean forming operational data stores, enterprise data warehouses, or in-memory analytics warehouses—either on-premise or in the cloud.
2. **Draw on advanced analytics to build predictive models.** This will help you effectively plan and forecast, ultimately enabling you to enhance operational efficiency.

4. ESTABLISH A TRANSFORMATION VALUE OFFICE

To offer alignment and governance around operational initiatives, set up a [Transformation Value Office](#) (TVO). This capability enables transparency and effective communication across activities. It's also designed to help you standardize performance data collection, analysis, and measurement to make sure that initiatives are triggering meaningful value and real business outcomes.

Through clarity around value creation, leaders can better prioritize the operational changes that will best support your digital core. The teams that form the TVO can then help bring digital skills and capabilities across your transformation to deliver activities and propel positive results.

To keep pace in an era of continuous disruption and change, digital transformation must become business as usual. This happens when you have a strong digital core (data and technology) and foster the mindset (growth and agility) that help carry those digital capabilities into the future. Only organizations that have both are able to realize the real value of digital transformation. With this foundation, they can power adaptive digital strategies—ones that are guided by the signals of change across the customer, workforce, and operational lenses.

A Transformation Value Office (TVO) provides alignment and governance to your operating model, enabling transparency and effective communication across digital transformation initiatives.

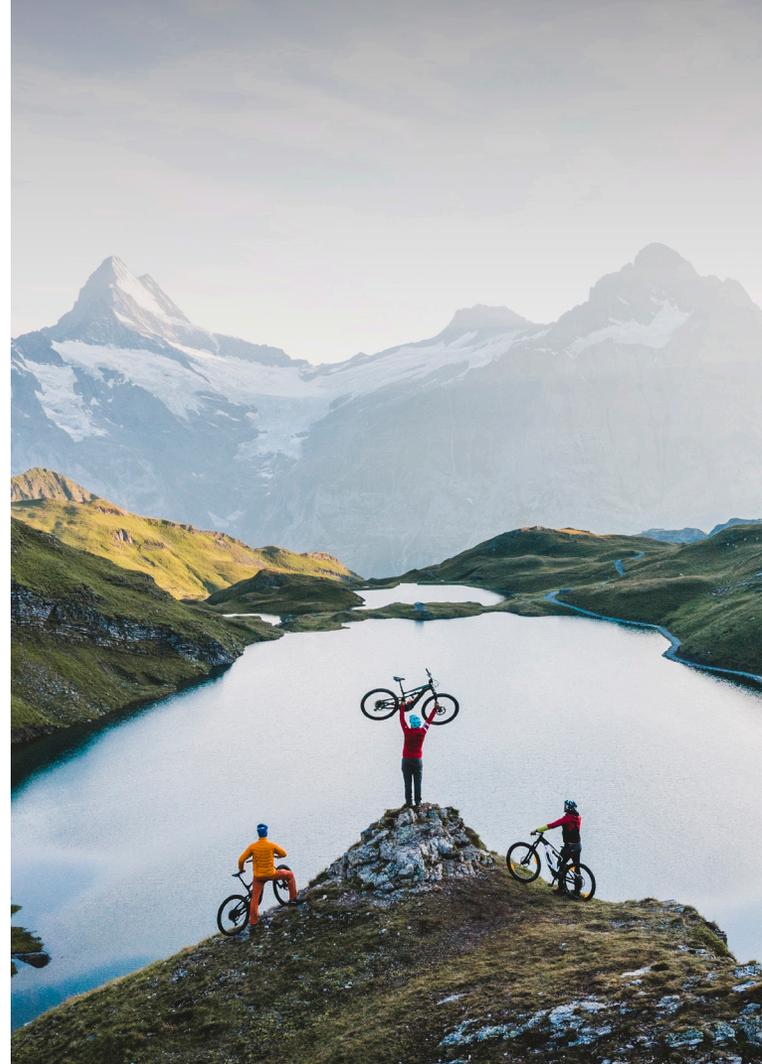


ABOUT NORTH HIGHLAND

North Highland makes change happen, helping businesses transform by placing people at the heart of every decision. It's how lasting progress is made. With our blend of workforce, customer, and operational expertise, we're the world's leading transformation consultancy. We break new ground today, so tomorrow is easier to navigate.

Founded in 1992, North Highland is an employee-owned firm - regularly named one of the best places to work. We have more than 5,000 consultants worldwide and 65+ offices around the globe. Meanwhile, we're a proud member of Cordence Worldwide (www.cordence.com), an international consulting alliance.

For more information, visit www.northhighland.com or connect with us on [LinkedIn](#), [Twitter](#), and [Facebook](#).



LET'S CONTINUE THE CONVERSATION

DAN KOPP

Associate Vice President, Data and Analytics Lead

Dan.Kopp@northhighland.com

Dan is a consultant with North Highland. He has 16 years of experience in information management strategy and delivery. Specific areas of expertise include engagement management, project delivery, and technical leadership for the areas of data warehousing, business intelligence, information management, system integrations, and data architecture.

