Building the Digital team

Why are some companies being especially successful in this digital world? How did children's wear retailer Zulily.com grow from zero to more than $1bn in revenues in less than 5 years, Kraft's Nabisco launch a new product line which achieved $100m of sales in 1 year, RELX Group migrate from being a print publisher to a highly regarded digital information software business, Barclays Bank forge ahead of its rivals as a "digital first" innovator, Amazon achieve its extraordinary market sector penetration and customer engagement? What are these types of companies doing to exploit the new, still fast-changing digital landscape and achieve that winning 2020 market position?

The answer lies in how they organise for digital, how they build their teams and their skills sets, how they develop a culture inside that is supportive and encouraging of digital innovation and development, how they share and learn, how they attract and retain key talent who can make the difference. They've got Digital into their mainstream, into their DNA, they realise its importance but most critically they act and behave and implement and deliver and reward for digital initiative and success.

There are 6 key decisions that need to get made if a company is to join these digital winners. These are around:

1. Structure and Organisation
2. Leadership and Engine room
3. Skills and Scale
4. Culture and Style
5. Learning and Sharing
6. Talent Finding and Retaining

Let's look at each in turn. Before we do it's worth reminding of the Facebook mantra that is written large on the walls of their office: "The journey is 1% finished". Facebook recognise and appreciate that "we've only just begun in our ambitions and what can be achieved". And it is a journey, not just for Facebook, but for all companies. The technology landscape continues to change at breath-taking speed, it's hard for any individual or company to keep up, the boundaries of what's possible and what is not keep changing, the potential for disruption in the market is never-ending, new possibilities and potential in existing and in new markets are surfacing all the time. This "digital technology revolution" that we are living through is still in its early stages. And just as the market place keeps evolving, so the journey for companies stretches out into time as an organisation tries to assimilate and absorb and process what all these changes may mean for its future, for what to invest in, what to prioritise, what skills and organisation shape and what technology changes required to capture these market opportunities and deliver continued shareholder value.

Many companies struggle with all the change opportunities, want to leapfrog and jump to some higher technical plane, but while that ambition may be laudable, it needs to come with the recognition that it does all take time. Leapfrogging for an established corporation is hard to do, in fact it's difficult for any company to make successful changes and even step-changes in the way it operates. So what's critical is, yes have the ambition for sure, have the clear goals and sense of mission and purpose. But put that into the context of what can the organisation cope with, how ready is it for change, what external catalysts and support and hiring is required to enable and facilitates these changes, what's the right timeframe and timetable that allows for the current business operations to keep going and developing even while new ways of working and new levels of customer engagement take shape and can begin to make their impact.

1. Structure and Organisation

A common question is: should we keep Digital as a separate stand-alone team and group or should we simply have it all somehow integrated into the core of the company?

Digital started off in every organisation as a separate group and team. There were these specialist skills such as Search engine optimisation, SEO and SEM, and such people were often pioneers, evangelists, sometimes technical geeks who did things and seemed to know things that others in the company barely understood but had been convinced were nevertheless somehow important for their customers. And of course, that "specialist" digital unit started to grow adding other skills such as "front end web developers", content writers, web designers, email marketers, web analysts… Over a short space of time a few specialists, at least in the larger organisations became a large team. And what's more, instead of just managing a bit of online brochureware, they were starting to drive ever larger chunks of revenue. Suddenly this team became the growth engine of the company.

At retailer John Lewis for example, so specialist and important did this team become, that they had their own offices in a separate building with its own team managers, culture, ways of working and doing its own thing, a mystery and black box to the rest of the organisation, more than 150 people, somehow though justifying themselves as they drew more and more plaudits from commentators and customers and became responsible for a sizeable percentage of the JL business.

For JL, there came a point where this mystery had gone on too long. There was a felt need to learn, to absorb, to transfer this customer and market know-how and get the whole organisation on-board with this way of thinking and engaging with customers. So the separate office was shut, the digital team was brought back into the head office, front end developers were reconnected with the IT team, online marketers were made a part of the wider company Marketing team, people were integrated. But still not completely. There is still a Head of Online and Digital who manages eg the specialist online marketers. That Head of Online may report to the equivalent of the CMO, but the digital team have still kept their distinctiveness and the organisation is forced to acknowledge that however much it may desire complete integration, that that goal today is just not possible, that there is need for specialists with particular skills and expertise. Yes make sure what they do is part of the overall long term customer vision and plan, but accept too that they need to move and innovate and operate often in a distinctive style and way and need to be given the scope to test and trial new market place ideas all the time.

This John Lewis vignette is mirrored in many other companies today. Should we leave the specialists to get on with it, or, if we "bring them back in", then will we lose that expertise and dilute the market potential? On the other hand, doesn't the whole organisation need to be working to an integrated multi-channel agenda? Shouldn't everyone be somehow involved now in this tech-led world?

To answer this question, it's critical to acknowledge and respect that each and every organisation is different. Every company is at different stages of its digital journey. If Facebook feel they are only at 1% then where are the long established corporations? Are the likes of eg GE or Philips or Procter & Gamble still only at the starting gate? Or has each in its own way in fact been effectively laying the foundations and building the capabilities that will enable it to succeed in a digital world? Each company has different culture, style and ways of thinking, each is at its own state of digital maturity and readiness and that as much as anything will determine and define how it organises and how it evolves, what it keeps specialist and what it integrates. But for most every company, the vision of a fully integrated, "we are all now digital" environment and organisation structure is still a long way off.

To help understand how any one particular organisation should structure its digital teams, the following sections can add perspective on how others are doing it and what needs to be considered in making the decision.

2. Leadership and Engine room

Who should lead the Digital charge? It's now become so critical to so many companies' futures, that it has become a c-suite role. We now see an ever-growing number of "Chief Digital Officers" being appointed. This can reflect the growing recognition of just how much of the company's business is now dependent on being successful in this space.

This "elevation" of digital to the senior ranks has at the same time brought a number of tensions, especially in the relationship of the CDO with the CMO and CIO (too many "c's"?). For example, who is responsible for the customer? Historically that responsibility would naturally have been the remit of the CMO. But if there is a CDO and eg half the revenues are online, then shouldn't perhaps the CDO have equal responsibility? And if so how does that "responsibility" get shared, who makes the final call?

This can get even more complicated where online becomes the majority of the business. If the CDO has P&L responsibility and is acknowledged as being the leader of that, then why is there a need for a separate group CEO, shouldn't the CDO in effect become the CEO?

All this is just a further illustration of the still relative immaturity of digital, or put another way, it's an example of where most companies are on their journey that this sort of issue is only just beginning to surface and has not yet been answered or addressed.

While this leadership battle rages away, there is also a next level challenge in the engine room. That is how best to organise and structure the digital teams, the key junior execs and mid-level managers who are building and driving and nurturing the business day by day. Part of this question is also where best to locate them. Is it a John Lewis type solution, should they remain separate, should they be integrated and if integrated then just how much!

One way of resolving this is to look at 3 companies who have each adopted a similar structures. The 3 are Amazon.com, Whitbread (Costa Coffee and Premier Inn) and Next, the clothing retail group.

Each of these vanguard companies has realised how important it is to get its web sites and online presence optimised. They have realised that this is not a once-a-year review, but needs to be something continuous and ongoing, ideally 24/7 and if possible in real time.

Each has responded to this challenge by restructuring and reorganising 3 specific teams. That is (i) the front end web developers, (ii) the web analytics and insight group and (iii) the online marketing team. The decision was made that these 3 groups be brought together, be co-located and sat next to each other and also report into the same person. Usually that's the Marketing Director or could be the Head of Site Optimisation or in other companies even the Chief Customer Officer.
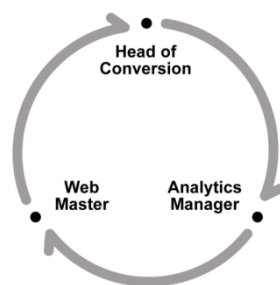
The web analytics team are constantly monitoring user journeys, fall out rates, which promotional offers are working and which are not, should a promotion be ended now, should the price be reduced or raised, should a call to action be made more prominent, put in a different colour, put in a different place on the web site, what's being said about the company, the products on social media, is any response needed, what else is happening externally with the weather, politics, sport, internationally that might influence or change what might work today, this hour, this minute online that could optimise the customer experience and maximise sales.

The web analytics team are identifying these change opportunities in real time, they share that with the Marketing /Commercial team who are charged with making immediate decisions on what to change if anything in response to the observed insights.

The front end web dev team then take over and make the changes, fast.

All this delivers a highly responsive, targeted, customised, digital operations environment that is looking at all that's going on, on desktop and mobile, and fine-tuning with agility and speed.

It is that type of "engine room" management and structuring that can make a tremendous difference to a company's success.

3. Skills and Scale

A significant challenge is how to afford the wide variety of specialists required to deliver the Digital potential. There seem to be any number of very distinct skill sets ranging through the value chain from Customer Awareness development through Customer Engagement and Conversion and then keeping them coming back!

The skills need necessarily to include some or all of SEO, SEM, online media display, affiliates, content, social media, creative design, conversion, analytics, e-commerce /transaction management, CRM, fulfilment, returns, technical web development, project management, mobile, partnerships and intermediaries, product /service strategy, roadmap and innovation…

Some companies just don't have the size and scale of budgets to afford to bring in specialists for each one of these areas. Many other companies do have the scale and budget potential but have other priorities or just don't appreciate and realise the need and value potential or have other pressures on costs and people.

The typical compromise is to bring in a few and ask them to multi-task, to work across the whole digital value chain and do their best to optimise where possible. Such an approach may be a fiscal necessity but it's important that an organisation does appreciate what skills it does *not* have and so adjusts its targets and expectations accordingly.

For some others, the solution involves bringing in contractors and freelancers for a particular project only and justifying that resource on the back of a specific project RoI. That can work well though clearly individuals hired on that temporary basis will sometimes lack the emotional engagement with the product and brand and the genuine desire and passion to go the extra mile to make this succeed.
An alternative solution is to set up a network of support agencies and consultancies who can advise and take on specific projects eg rebuild the web site.

Whatever the solution path that is chosen, it should be part of a long term strategy that looks at the role digital can play in an organisation and looks at a gradual build up in budgets and people and capabilities. Taking a purely year by year approach that is at best incremental and perhaps squeezes a 5% increase in spend and activity is unlikely to match the pace of change in the company's market place and the readiness of customers to embrace any digital initiatives the company does make.

B2B companies have been especially "guilty" of this slow incremental approach, looking at the slow pace of their competitors and using that to justify their own inactivity. But many

such organisations have found that if they do invest and create an effective digital marketplace for their customers then it can have a significant impact and gets a surprisingly quick and positive customer response. Companies like Cisco, Intel, BP, Coats, BT, Pitney Bowes have all discovered that if they do divert resources and spend to Digital then *it does pay back.*

4. Culture and Style

Successful digital-led companies have developed 3 core elements to their culture:

-fostering an entrepreneurial spirit
-creating an agile environment of "test, trial and learn"
-recognising that we are going through an era of fast change and that there will be ambiguity and uncertainty and that that is ok!

The best digital people are often pioneers, they thrive on change, they look for adventure and the chance to explore possibilities, they aren't comfortable working in an environment where everything is set, where there's little room for manoeuver, they want to work fast and get things done, and not wait 6 months for IT to change some copy on the web site. They are more instinctively entrepreneurs, they thrive where that spirit is fostered and supported, they are comfortable with change and actually are prepared to push for that, ambiguity does not unsettle or discomfort them, on the contrary that is what they expect and what enables them to think and act and come up with disruptive solutions that can be game-changers.

In today's world, a winning business needs these sort of people in its midst. Such individuals can also help shift the whole corporate culture to a more focussed 21st century business model.

5. Learning and Sharing

Hyper Island is one of the world's leading learning and training centres for Digital. Its 3 day "Digital Masterclass" is almost legendary in its ability to convert doubting or uncertain execs into overnight digital evangelists. It's set up for groups of senior execs but can also be used at all levels across the company. There are usually around 30 in the class group and it's a full 3 day immersion, staying overnight, working hard in both lectures and workshops and presentations that share what others are achieving and driving out what could be possible. Less a "class" than an introduction to a new way of thinking, it's intended as an intensive immersion and learning and there are other groups that do this as well including the major business schools like MIT, Columbia and INSEAD but the Hyper Island can appeal as it's more "short sharp e-shock".

There are also any number of seminars and conferences that seek to train and share best practices and latest ideas eg at the IDM (Institute of Direct Marketing) and at CIM (Chartered Institute of Marketing). For those who want to dig deeper there are longer training programmes such as the MSc (a part time /evenings /remote learning programme) in Internet Retailing at Manchester Metropolitan University and coordinated by e-Consultancy.

These courses do not just appeal to those who wish to learn. They also have a pivotal role where a group of execs in a company are trying to drive through digital change and technology innovation and encountering resistance and hesitation from colleagues whose support they need. If such colleagues can be persuaded to participate in some external education and enlightenment, then it can of course change the pace and direction of the company's development and investment.

This need for immersion, learning and training, for sharing ideas and expertise is all the more critical in the digital world. Things are moving fast, they are changing, new more agile start-up ventures are springing up out of nowhere challenging incumbents and disrupting decades long and traditional ways of thinking and operating. Innovations may be customer-facing but they can also be internal process-driven enabling eg lower costs of production or automating processes which can speed up time to market. It's near impossible to do the day job and stay up-to-date on all the potential disruptive forces at work, so sharing, training, listening to experts, finding, somehow, that occasional time to listen and learn, creating the environment at work which both encourages and enables that, that can all lay the foundations for a successful future.

6. Talent Finding and Retaining

Many say that they find it very difficult to attract key digital talent. They may find it takes months, perhaps even 6 to 9 months to find someone. In some cases, companies give up on that targeted hire altogether. They either make do, or have to reach out to some agency or consultancy to provide the resource and support.

Yet some companies have it seems no problem at all in quickly attracting the right sort of candidate profile. Whether it's a start-up like Zulily.com, a complex audit /advisory group like Deloitte, a B2B publisher like Incisive, manufacturer distributors like Huawei, Smith & Nephew and Brady or the likes of Tesco and Argos.

How do companies develop that talent attraction? The 7 simple keys are:

(i) A good quality online presence so that when the candidate looks up the company for the first time they get a good impression,
(ii) A good "digital story", a good explanation available as to where the company is on its digital journey, a recognition that there is a long way still to go, a sense of that adventure and what the goals are,
(iii) A commitment to digital from the CEO and through-out the corporation,
(iv) A readiness to invest, even modestly, in new ideas
(v) A fast-paced interview process that takes weeks not months
(vi) A reasonable amount of flexibility around the job spec so as not to exclude good, bright, fast-learning people who may not be able to tick all the boxes yet on the spec.
(vii) Flexibility, within reason, on pay and benefits.
Sometimes it may just eg need a small sign-on to compensate an exec for loss of bonus accrued at previous employ or need to buy a season ticket for the longer commute.

It just requires a readiness and desire to move quickly, be flexible and make it easy for the right candidates to say yes!

Another way of thinking about this is to reflect on the prospective employee "user journey". There's lots of talk and effort going into to the optimisation of the customer journey to maximise conversion. Much less attention has been paid to the *employee* experience and how that can be optimised to streamline hiring and make acceptance easy.

From the first contact to the last and then through to the on-boarding process, who in the company is responsible? HR initiate and coordinate but they require the hiring managers to do their bit and make time available, not cancel interviews at the last minute, give immediate feedback, be prepared properly for the interviews, recognise that for the candidate this can be a life-changing moment and so treat that moment with the respect it deserves.

Too often, even for relatively junior roles, there can be 6 to 12 interviews (in one case I know of 24!). It is of course almost impossible that a candidate will be liked by everyone they see. Does one "no" outweigh 9 "yes's"? That can often be the case. And as each interview is set up, so the timetable is drawn out, the weeks turn into months and meantime a faster-moving company comes in and snaps up the prospective hire.

Getting this right helps get the right candidate on board. But then they also need to be retained. Good digital people are on every recruiter's radar screen. They may just have moved jobs but they're still getting calls about new opportunities. So if the new job does not live up to expectations they can be seduced and intrigued by something elsewhere, "the grass is greener?"

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By way of a summary, we can review the following Barclays case study, looking at how the Bank has become more "digital first".

From CEO Ashok Vaswani came a stream of communications about digital. His mantra: "Digitization is redefining and transforming our business".

This has included a wide number of initiatives. The target has been to educate the workforce and turn each and every employee into a digital evangelist. And through that galvanise and engage customers in a more digital-designed way. Vaswani's goal was for employees to become more digitally literate, to bring about new ways to connect with customers, to identify new business and revenue streams and to take advantage of new technologies.

Internally, people were encouraged to dress more comfortably, the work space was changed to include pods and chill-out areas, football tables appeared!, ties disappeared, seminars were held with the idea of teaching everyone about why digital is important and what that would mean.

Employees were encouraged to become "digital natives" and to participate in various training programmes inside the bank and externally too. "Reverse mentors" were set up, throughout the bank, so that senior execs were deliberately exposed to latest digital ideas and diplomatically encouraged to change ways of operating. The Bank launched its high profile Digital Eagles consumer publicity campaign ensuring that each and every branch had its own digital champion who could encourage consumers to use the newly installed self-serve machines rather than stand in line and wait for counter service. 12000 Digital Eagles have so

far been trained to evangelise at branch level. Alongside this, is the Barclays Digital Code Playground, a widely-advertised initiative to encourage people to come to "learn to code" training sessions run for free in the Bank's local branches.

What does all this mean? It starts to change a whole culture across a huge and sprawling organisation. The employees feel the need to be a part of this as it starts to become an accelerated route for promotion and higher bonus levels. It showcases the Bank in a different light to a perhaps cynical or sceptical public who begin to change their perception of what Barclays can do for them.

Banks are unlikely to ever have a warm cuddly brand image, they're not going to be like a Mothercare or Marks and Spencer, but they can move with the times, they can change what they stand for, they can use digital to streamline how they organise and operate, they can look for new ways of working that will make it easy for customers to use their services online and by mobile, they can create an environment where employees feel there is opportunity and adventure and that things are moving forward, they can help make themselves seen as the leading employer for digital servcies in the financial services sector, they can look to be a 21st century winner and leave other rivals behind.

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