



Culture at the Core

A playbook for digital transformation
in a changing world

Summary:

Until now, many organizational leaders have been hesitant to fully invest in digital transformation, finding reasons to delay or impede the process. Today, pandemic-induced office shutdowns have made digital workspaces, digital databases, and digital offerings necessary for survival. Companies are rushing to implement new technologies, upskill staff, and integrate new digital products. These efforts, however, are often piecemeal and project-based. To truly digitally transform, companies need to take a holistic approach that embraces remote work, new organization models, and visionary leadership to transform company culture at its core.

In this eBook, digital transformation and innovation expert Dr. Vanina Delobelle delves into the real and perceived challenges of corporate digital transformation efforts and provides a playbook for a successful, culture-based transformation initiative.



METHOD



Dr. Vanina Delobelle

About the author:

Dr. Vanina Delobelle is a leader in innovation and digital transformation. She has led digital transformation efforts in small organizations and large companies, such as Sears and Dick's Sporting Goods. At Method, she works with organizations including Synchrony Financial and The Fresh Market on large digital transformation initiatives.

In her 15 years of experience, she has been instrumental in defining organizations' customer-centric strategies and leading them beyond static implementation to continuously grow their businesses through digital marketing and data. She is proficient in technology, digital marketing, and data, the perfect combination for a successful digital transformation leader.

Always a step ahead, she led the way for strategic implementation of social media, social commerce, social recommendations, artificial intelligence, IoT in stores, VR commerce, and more. She has also built several innovative companies.

Dr. Delobelle holds a Ph.D. in Internet Technologies from the University Pascal Paoli in France and an MBA from France's Institut Supérieur du Commerce de Paris. Her forward-thinking thesis has been referenced multiple times across the world. Dr. Delobelle has taught at several universities and is a speaker about digital transformation.

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1

Why we need digital transformation now

In the early days of e-commerce, critics decried Amazon's new digital business model as unviable, assuming consumers would never prefer to buy online.

When social media was invented, it was largely dismissed in business circles as a fad. Today, nearly three-quarters of the US population use at least one social media platform¹, and online commerce represents 16 percent of all US retail sales, with expected growth of 15 percent every year.

Despite early predictions, these companies have proved to be resilient during pandemic shutdowns due in large part to their digital mindset. From March to April 2020 alone, e-commerce grew by 49 percent.² On the other hand, Airbnb, Nordstrom, Uber, TripAdvisor, ClassPass, Sephora, Kohl's, Macy's, and many others were caught in the headlights, unable to innovate quickly enough to stay afloat. Many big names filed for bankruptcy, downsized, or went out of business, emphasizing that times have changed and previous paradigms no longer apply.

These companies did not digitally transform quickly or effectively enough. Perhaps they didn't invest enough. Perhaps they were blocked by bureaucracy or lacked resources. More likely, however, they believed digital transformation to be concerned only with technical capabilities and invested in those without creating the culture to deploy them well.

Digital transformation is more than a new digital business model

¹ Statista Research Department, "Social media usage in the United States - Statistics & Facts," Statista, Jun 15, 2021.

² Jessica Young, "US ecommerce sales grow 14.9% in 2019," Digital Commerce 360, Feb 19, 2020.

or digital process; like any change, it is cultural at its core. It goes beyond traditional roles such as sales, marketing, and customer service. It puts the customer at the center of everything and integrates digital technology into all business areas, changing how the organization operates and considers the customer experience.

It requires its constituents to challenge the status quo, experiment, get comfortable with failure, remove hierarchical barriers, and redefine the rules of engagement.

The goal of transformation is to reinvent the organization, an inherently risky prospect. A study by McKinsey & Company estimates that 70 percent of transformation efforts fail.³ The risk of not trying, however, is far greater. It is a matter of life or death to be able to transform continually. Those that succeed are continually investing, unafraid to take a near-term earning per share (EPS) hit because they know they will come back stronger in two years and beat their competition. The capacity to stay ahead of the trend is vital. For example, Amazon invested in virtual reality while some other retailers debated whether they should deploy ship-from-store.



³ McKinsey & Company, "Why Do Most Transformations Fail? A Conversation with Harry Robison." McKinsey & Company, July 10, 2019 2

The pace of technological change is increasing exponentially. It took at least 13 years between the rise of the internet and social media, while in only the past ten years, we have seen the rise of IoT, AR/VR, 5G, AI, blockchain technology, and more. As digital work, education, and consumption have increased, companies have felt the pressure to transform digitally. And many have been surprised at their own ability to do so, if somewhat haphazardly. They have discovered that they could innovate and deploy quickly. They've crossed siloes to work collaboratively. They went remote despite their lingering fears about it. As one



of my financial client executives said, "It took a pandemic for us to work differently. We started working cross-functionally; it [became] a matter of survival. We started applying a sense of urgency and thinking about the whole customer experience. Teams now need to deal with more than their own functional goals."

The need for change is clear. In survival mode, many have proven their capabilities to the market. But it shouldn't take a crisis to necessitate digital transformation. In this book, I lay out the most significant hurdles facing companies attempting to digitally transform and what they can do to overcome them sustainably. The first step is reconsidering our assumptions about management and how they need to change.

2

Traditional management principles no longer apply

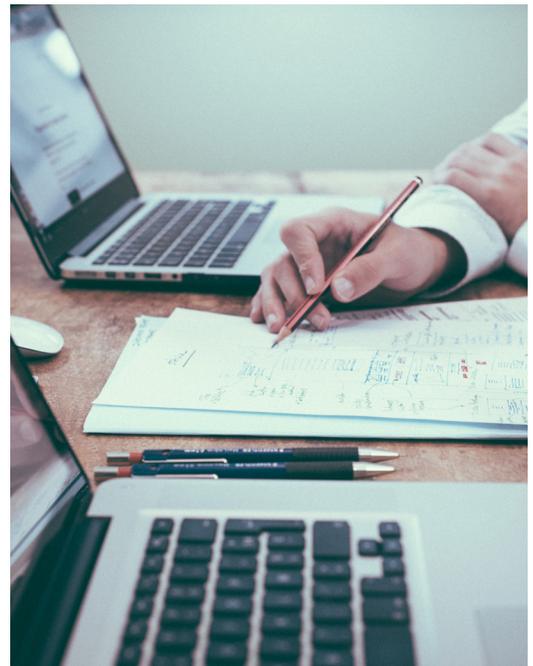
Future leaders have been trained and educated in management techniques that have not evolved much over the years.

Theories from the early to mid-1900s from Joseph Schumpeter (product lifecycle), Henry Gantt (Gantt chart), Michael Porter (4P), Peter Drucker (management practices and customer-first), Ohno Taiichi (supply chain), John Watson (mass marketing), or Fred Hirsch (product positioning) still govern business textbooks.

Future managers learn that specific actions produce absolute results and apply these methods without question. When a desirable result follows an effort, the behavior becomes more likely to occur again and again. The thinking is:

Our management practices are globally recognized, so why change a recipe that has seemed to work for so long?

Well, because the recipe is no longer working. The ingredients are expired, and the outcome is undesirable. Many



organizations have been trapped in managerial methods that have barely evolved in decades. There is no more time for hesitation, excuses, tip-toeing, or playing politics. We have to all be all-in and make it work. Let's take a look at the four founding principles of management as defined by Henry Fayol to understand how these static notions can pose a challenge to our evolving need for digital transformation.

Principle 1: The stability of personnel tenure

Until the 1990s, it was not unusual to spend one's entire career in the same place, and hiring managers perceived this stability well. Even in the early 2000s, employees who stayed fewer than five years working for the same employer were often derided as "job hoppers."

By 2020, however, most employees were spending an average of two years at the same job, and it was increasingly common to see younger people switch positions every year. Employees now have new expectations from their employers: they want to learn quickly, grow quickly, and be highly appreciated. Perks such as free lunches and adequate health insurance are now basic expectations. We see more employees staying at a workplace because it aligns with their ethics and worldview, which is more important than their salary. Gen Z tends to be more loyal to employers who give them complete flexibility and a positive working environment.⁴

With online tools and remote work, it becomes easier for employees to find a new job quickly. Recruiters reach out regularly, are aware of the market, and watch a specific organization's evolution, positive or negative. To keep employees, employers must be more human, respectful, supportive, flexible,

⁴ Zameena Mejjia. "Nearly 9 out of 10 millennials would consider taking a pay cut to get this." CNBC. June 28, 2018.

understanding, honest, and loyal. Embracing digital means embracing new ways of working.

Principle 2. the division of work

It has long been the convention to assign employees to specific tasks or functions. An employee was hired as a product manager, a marketing director, or an SVP of sales with a job description and a follow-up path. Although someone hired the employee for a specific role, in reality, they end up doing another.

In smaller organizations, however, employers tried not to hire for a position but to hire a personality with a toolkit capable and versatile enough to do whatever is needed at a given time. This is how we see PODs⁵ – cross-functional and multidisciplinary teams that connect design, build and run to deliver the right customer products. PODs are given a project, and the goal is simply to deliver as a team gathering a series of skills. In these structures, we can see engineers participating in marketing, developers working on UX, and project managers coding, depending on each member's ability to participate in the project's greater good.

Companies such as Zappos, who have been ahead of the managerial organization's curve, have found the solution is a marketplace system where teams operate like small businesses and manage their profit and loss statements. Division of work evolves and varies depending on the project. Leadership might also be different based on current needs. The division of labor is fluid. The organization is no longer based on hierarchy but on the project. One's position changes very frequently, and reusable skills are more broadly leveraged.

⁵ Cross-functional and multidisciplinary teams that connect design, build and run in order to deliver the right customer products

Employees need to be more versatile. This is the reason why liberal arts and more general education are more favored.⁶ People educated this way have more critical thinking and can adapt more quickly to a constantly changing organization. Technical skills are valuable, but they can be replicated and can soon become obsolete as technology evolves.

Employees need to quickly adjust, changing jobs multiple times during their careers and even throughout the day at times. They need to learn quickly, by themselves, and find solutions in a variety of areas. Having more than one skill allows them to be more employable, to keep up with the new organization and the changing world. We are moving from a world of specialists toward a world of generalists.

Besides, people need to have a global mindset. We can only solve the most significant issues our era is facing at a worldwide level. Only if all organizations regroup and people work together will these critical challenges be resolved. Keeping an open mind, understanding different cultures, emotional intelligence, adaptability, and knowledge of managing cross-borders are needed to perform well and answer economic needs.

Employees might be physically located in a small local space with their home office, but they need an international approach to their projects. It is common to work with multiple teams in multiple countries at the same time. Communication styles, accents, and cultural differences are now frequent, and we all need to adapt and be comfortable. Those not able to work and welcome differences will not stay competitive and survive in the new world.

⁶ Jim Fong, "What the Numbers Tell Us: Re-Engineering the Liberal Arts Degree – A Baseline for the New Economy," UPCEA Unbound, Spring 2019.

Principle 3. Hierarchy and centralized decision-making

We have been used to decision-making in the hands of a small number of people in an organization. The leadership decides, the rest execute. Now, people no longer want to be subservient tools. They want to be heard and considered. They want to take part in decision-making. The hierarchy and the centralization of the decision-making are being seriously questioned.

Elon Musk wrote to his employees in 2018:

“Communication should travel via the shortest path necessary to get the job done, not through the ‘chain of command.’ Any manager who attempts to enforce chain of command communication will soon find themselves working elsewhere.”⁷

For him, the hierarchy is a very inefficient system that needs to be revisited. Even if it defined the corporate world for years, hierarchy is the source of many issues in an organization, and it does not have a reason to exist any longer.

With the pandemic, some companies moved back to the holacracy system launched by Zappos in 2014, removing job titles for all employees. The CEO of Emaar said:

“The recent pandemic has forced us to pause and reflect on every aspect of our business. It is vital that every single one of our employees feels empowered to contribute. They must be motivated by their talent and passion for the work they do.”⁸

In an organization with no titles, it can be challenging for employees to know how to contribute or who does what, even if collaboration is highly fostered. But the challenge can be overcome if the team stays dedicated to a particular squad at the time of a project, and everyone is focused on the primary

⁷ Don Reisinger, “Companies should learn Elon Musk’s chain of command rule,” Inc, July 18, 2020.

⁸ Aby Sam Thomas, “Dubai-Headquartered Emaar eliminates job titles for all personnel, including founder Mohamed Alabbar,” Entrepreneur, July 21, 2020.

goals. Gates are being taken down, and the information is flowing across all levels. People can access every tier of the organization and voice their opinions. The decision does not sit in the hands of a limited number of people but is shared with all. The group should self-regulate and self-organize, egos should be left at the door, and collaboration for the greater good should prevail.

Principle 4. Control

According to this traditional management principle, the chain of command is in place to control the rest of the group. There is an authority with subordinates who follow directions and execute the plan with discipline. Today, with distances and remote work, the idea of control is carrying less weight. Employees seek leaders who assume they are responsible, professional adults and are capable of managing themselves. Looking over someone's shoulder, micro-managing, and constant scrutiny are antiquated concepts, and organizations have to adjust to a new way of working. Employees must become more independent and responsible, developing trust and new ways of following up on progress. Autonomy fosters initiative, higher communication, and empowerment across the whole chain.



To create a culture of autonomy, everyone has to focus on results, as these become the only measurable variables. Many months in, we still see some forces trying to go back to more control and questioning work from home, trying to justify their position with arguments from a different time. We are too far past this. As much as change is difficult for many, they have to accept it. The time when employers were exerting total control over their employees is over. We saw some organizations trying to flex on the “usual” way of working. Large internet corporations such as Google and Facebook started implementing **campuses** full of perks, allowing employees to almost “live” on campus and bridge work and home. People needed to feel comfortable at work so that they would put in longer hours.



Then it was the **open-space era** where teamwork and collaboration were supposed to happen more because we were breaking every physical barrier among employees. Large companies like Deloitte and Microsoft tried hoteling, where no one had a dedicated desk, but you would take the closest one available; if you had a laptop, you could move around. This was also a way for the firms to decrease some office costs by reducing the number of posts they needed at a single time.

It was also the emergence of **remote work**. Sometimes, employees were allowed to work from home. Days were approved in a limited number or were at the discretion of the manager. Nobody could believe that it would be possible to

permanently work from home, even though some have worked remotely for decades. If we just take the example of offshore teams, wasn't that remote work?

With globalization, most of us got used to working with people on a different continent, in a different time zone, and on another team. This took some fancy names such as cross-functional work, matrix organization, or cross-cultural development.

Then came the time of **unlimited Paid Time Off** (PTO). This was a significant change because it assumed that organizations would trust their employees not to abuse PTO. But this method became a way for employers to entice employees to take fewer vacations. Some tried the 4-day week, the no-meeting Friday, the summer schedule, the work-from-home Fridays, and many more.

Every organization flirted one way or another with the idea of remote work and a different leadership without being completely all-in. Old institutions were strong; it was challenging to overturn decades, and even centuries, of dogma for powerful corporate America leading the way on the best managerial practices. Pre-formatted organizations and mindsets made it challenging to make 360-degree turns.



Everyone was fearful of turning their back on what had made them successful. How do we revoke practices so ingrained in our society without jeopardizing the whole system? How do we move forward in a time of uncertainty by making decisions about things over which we have very little control? The pandemic crisis has given the right alibi for all organizations to do things differently without putting the business or one's reputation at risk by making a difficult decision. The pandemic becomes the playground for trying, daring, and pushing non-conformist ideas, putting the past practices into a no-return box. And in that way, the pandemic has brought some relief. Organizations are liberated from ideologies that no longer serve them. They have the opportunity to make change without restraint and to try new methods without judgment or the fear of losing control because they have already lost control of the situation. They can only react.

When office work suddenly shifted online, organizations saw they needed to make a change. But the digital transformation industry is scattered and lacks a clear definition. Some consultancies saw an opportunity to sell complicated products and services based on their self-professed expertise, offering band-aid solutions to problems that are cultural at heart. The unscrupulous have discovered ways to extend contracts indefinitely, often claiming they are the only ones capable of delivering. I have personally witnessed companies signing 21-year agreements with e-commerce platforms, building systems from scratch while far better solutions existed in the market, and agencies keeping their customers dependent on maintaining the systems because none had control over them, not to mention a lot of dirty code and unsustainable technical architectures.

3

Current challenges to digital transformation

Beyond outdated organizational principles, there are several other challenges organizations face when attempting digital transformation. Often, organizations can be their own greatest enemy with the legacies they carry. Let's look at some other examples of how different organizations stand in the way of their digital transformation.

Authority / Lack of support

Barb works for an insurance company. She expresses that her colleagues see her as a threat. They think she may put them out of work, and the resistance from departments is intense. She has one champion protecting her, but she is the number one enemy for many. Her work has become unnecessarily complicated and could be much simpler if she did not face such resistance. Barb spends most of her time lobbying rather than doing.

Innovation leaders are the transformation owners but work in a matrix organization and bring everyone along because their work touches many departments. They have limited authority on tasks but can stop in their tracks due to any department not wanting to collaborate. Politics endanger the larger goal. The transformation leader is very often their own species in the pond. They are there because the board knows they need such expertise, but without always knowing what is required or understanding the scope of what they can achieve. Many leaders still have to fight old ways and are not given the support they need. They need to educate the organization and move everyone forward before they can progress.

Budget

George works for a professional services company. He is tasked with digital transformation but lacks a sufficient budget. He does not have the required tools, metrics, or people because his funding is insufficient to do what is right. He does what he can with what he has. Despite a few wins, his performance is much less than it could be. The company has a lot of potential but does not see it. George considers this missed opportunity each day, and it depresses him.

Key decision-makers may not understand the level of funding required to achieve transformation. They have heard that digital is cheap. Sure, digital is more affordable, but the organization must invest in getting things right before seeing the benefits. Those benefits may come quickly and show great ROI, but only with sufficient investment to fuel a complete transformation. It may mean spending a couple of million dollars for some years until the change is complete.

Duration

Ellen works for a fashion company. The company is talking about implementing functionalities that are several years overdue. The market has moved on. People do not understand Ellen's vision and spend more time debating than doing. The company is surpassed by far more innovative ones.

People may shy away from digital transformation, believing it takes 5 or 10 years to get there, but the process does not have to be that lengthy. A lack of understanding, resistance, or politics interfering with the process can slow the pace of change. Another time-killer is the failure to attribute the budget correctly, so everything becomes piecemeal to achieve the goal. Digital transformation does not have to be a "big bang," but all parties should understand the steps required to achieve the goal—and how long each will take.

Scope

Ken is working for a retailer who wants to bring his e-commerce operations in-house. In the CEO's eyes, this is just a storefront to build. Ken explains that the project requires an inventory manager, a call center, and other systems integration. Yet, his boss does not understand the project's dimensions and the amount of investment required. The CEO also does not anticipate that he will need to have the skill sets to manage all this. Ken will spend a year merely educating and steering the project in the right direction.

Transformation touches everything: products, customer experience, technology, systems, processes, skill sets, and especially mindsets. We cannot become digital without the right systems or still working with a waterfall process. Digital moves quickly and changes often. We must be able to adapt, and organizations must be set up so that they can move quickly.



Technology

Adam works for a catalog retailer with an old-school team. He is trying to push digital, but the catalog is still the center of attention and spend. Designing for print and designing for digital are different, and he is having a hard time getting them out of the old ways. Legacy stakeholders consider him an outsider and do not value his input. Adam has to fight for his business unit and make sure he gets the resources he needs.

Legacy systems, old infrastructure, and missing capabilities also hinder transformation. When systems are found inadequate, companies must add the proper infrastructure to move the project forward. These unanticipated costs can threaten support for the transformation.

Beyond these challenges, our fear and our myopic tendencies are often the most difficult to overcome:

Short-term vision

Digital transformation is an investment. Some CFOs consider only the impact it can have on the quarter or the year. Their goal is to cut costs and save money to increase the bottom line. Transformation requires an investment that may not produce ROI for years to come. Because firms are accountable to shareholders, the investment can take a back seat to earnings per share. The board must be ready to give away one or two percent to achieve a goal that will get a much more significant payback in the future. Short-term vision and earnings very often conflict with long-term savings.

Fear of disruption

People are comfortable with what they know and have been doing for years. It's normal to resist change, but change is inevitable. Some stakeholders and employees will disapprove and complain. The company must be committed and refuse to provide an audience for naysayers. People fear for their jobs, leaders fear losing employees, and workers have to adapt and learn new skills. Leaders know that a culture change needs to happen, but they do not want the rumblings that go along. A transition can be smooth, but it cannot be perfect. There will always be those who are just fine with the status quo.

Fear in general

Fear is a normal, predictable human behavior that can translate into vastly different attitudes. We do not need to be in danger to be scared. Fear is also partly imagined; it is the conditioned fear. We become afraid when imagining what could happen. Fear drives our actions into four categories: freeze, fight, flight, or fright. Organizations experience these reactions, too; after all, they are guided by thinking and feeling people.



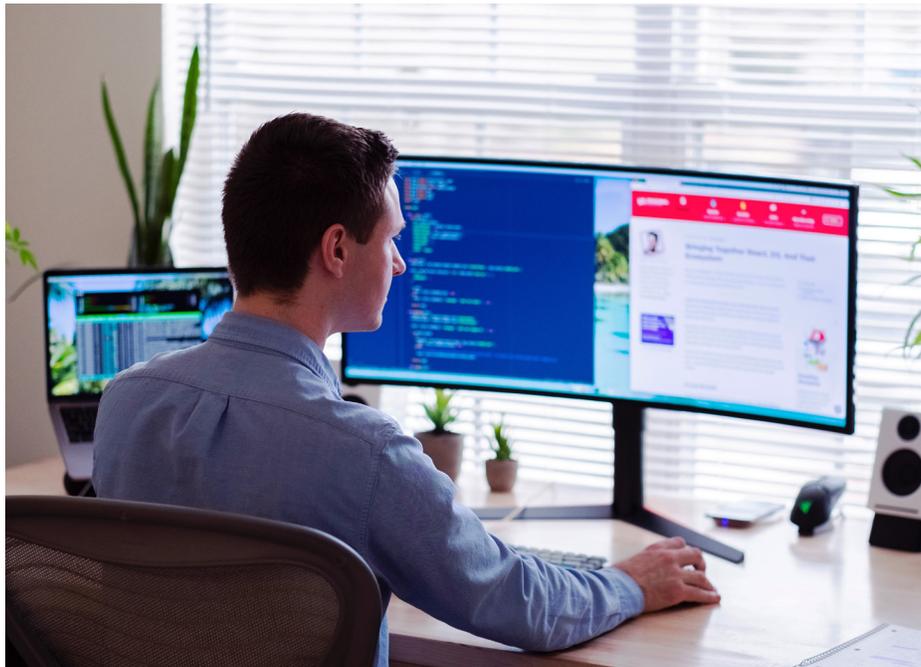
These stories and descriptions show us that most companies say they want digital transformation, but the reality is quite different: they want to change without allocating the right resources or budget. They want transformation, but it should not cause any disturbance. They want transformation but still want to measure using the same metrics. They want change but are not investing in the training or hires to bring the necessary skills in-house. So how can we change without changing? We can't. To overcome these challenges, we need to welcome change, and to welcome change, we need to build an adaptable workforce – one that embraces remote work, experiments with new organizational structures and is led by visionary leaders.

4

Overcoming challenges through cultural change

Perhaps your organization is facing only a few of the challenges listed above, or perhaps the whole list applies.

Maybe you've stayed afloat during the pandemic due to smart digital improvements, but need a playbook to ensure continual, sustainable digital transformation. As with any organizational change, your people are the key to your company's success. To ensure everyone is along for the ride, consider how the following areas are changing and need to change to serve as the foundation of successful digital transformation.



Area one

Embrace remote work

Before work-from-home orders, some organizations were afraid of remote work. They were concerned that teams could not maintain their spirit, that collaboration was impossible, and that they would lose control over their employees. The biggest fear was that when their employees were at home, the employer would not know if the employees were working or not.

A growing body of research has shown that those fears were unfounded. According to a study conducted by Torchlight in Summer 2020, 75 percent of employees find remote work more productive overall, and 68 percent find it easier to focus while at home.⁸ Many say they can do their current jobs in less time than it took at the office, and more than half report that work/life balance is becoming



a priority to them. One study participant noted, “we weren’t allowed to work from home before this, so I’d leave my laptop at the office and be able to say no to meetings past a certain time. Now I’m more flexible with those.”

Former office employees are cutting down on commutes and wasting less time roaming hallways or chatting next to the coffee machine. People have proven they will exercise more and stay in better shape. They spend more time with their families. With more time, people can reflect better, be more creative, and train themselves more. It has been shown that professional formation has increased. In digital, because skill sets evolve quickly and technologies change, expertise needs to be refreshed very frequently. If employees take more courses online, they are better trained and more up-to-date, bringing more value to the

⁸ Julie Rutherford, “How productive are you now?” Torchlight Hire, September 23, 2020.

organization. Employees today are more sensitive to the training opportunities offered by their company. They stay because they get personal development budgets to spend against whatever education they like (personal development, technical learning, conferences) and sponsored education (paid MBA or higher education degrees). They all know that they will change careers up to 3 times during their lifetime, so workers have to continually stay on top of their art or retrain multiple times.

Remote work has also shown that employees are more empathetic toward each other, knowing that everyone has different activities to handle in addition to work. Since the amount of time worked is no longer the scale but the results, it does not matter when people do what they have to do. With people working all across the globe, an organization can have 24/7 activity. The organization needs to look at the operations on a broader scale rather than at the micro-level. It requires analyzing the business from a different angle.



The necessity of personal training is constant and more critical than ever. In an environment that evolves faster, where competition is higher, and where globalization is present, everyone has to take the reins of their careers. They have to be ready for quick turns and frequent bumps.

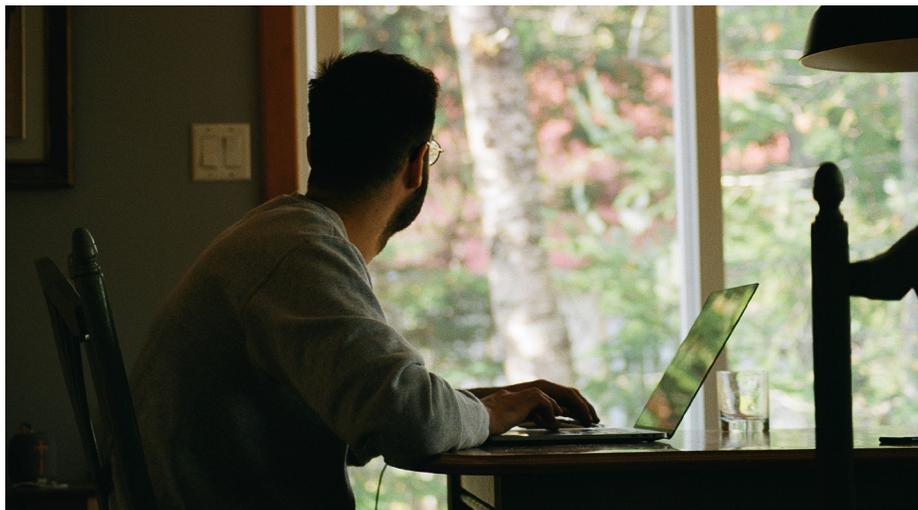
With the digital tools available, employers can always track results status if they want to. Those in positions that are less trackable can be measured on results. After all, if someone does what they need to do, does it matter how they are doing it or when they are doing it? This implies letting go and trusting people to be adults and accountable. The best way to do this is to measure outcomes and efficiency. Metrics such as time spent in the office might be metrics to forego.

This is where the unlimited PTO policies that started to be embraced by some companies align with how companies should function with digital. It becomes part of the overall accountability of the workforce to control their own time. The need for trust goes hand in hand with communication. It implies that people learn to communicate remotely and provide the openness and availability required for employers to feel comfortable. Building this mutual trust is not any different than building it in a physical environment, besides the fact that it accounts for other variables. As managers, it requires us to communicate priorities relentlessly, to share wins and lessons learned, and to foster more team co-creation to keep complete clarity and alignment for all.

People are moving geographically. They are leaving areas with a high cost of living to lower-cost regions to get more for their salary. Even if their salary is lower in a new location, their standard of living will still be higher, so areas will see significant brain drains. Places like Silicon Valley are already experiencing the departure of many people and organizations moving to Washington, Colorado, Texas, Arizona, or Nevada (Tesla and Oracle announced their moves to Texas).

In the east, people leave New York for North Carolina, Tennessee, or Georgia. People move to places offering the most benefits in terms of quality of life, schools, nature, weather, and housing. In some cities, people cannot afford a house anymore. Prices have skyrocketed, and by moving to another place, they can afford a

house twice the size for half the price. Even if they are working from home and not factoring in traffic and having to suffer horrible commutes in some areas, other criteria are weighing heavily on the decision to move.



Remote work makes every state a strong candidate for any industry but equally enticing for employees looking at their quality of life first. Some companies, like Siemens, let their employees work from anywhere permanently. This repositions work to where it should be instead of having work drive people's lives. People do not make choices based on their work but based on their options. This flexibility should help repopulate some areas and especially rural towns. People are looking for more space, access to land, and better prices, so rural areas have a lot to offer since work location is no longer the driving criteria. Employees are ready to take a pay cut to live in a place that fulfills their needs, either in terms of location or nature of the work. Offices no longer hold the same definition, and commercial spaces are transforming. There is no longer a reason for Silicon Valley to be the epicenter of technology and innovation, just as there is no longer a reason for New York to be the epicenter for finance.

Remote work is here to stay. So how do you embrace it in a way that augments its benefits and minimizes its downsides? The many tools used for collaboration (Slack, Mural, Whimsical, Zoom,

Miro, to mention only some) usually make it easier for everyone to participate. With digital collaboration, people cannot stay inactive when engaged. They have to move things around, fill in cells and participate. But virtual collaboration can be more tiring than working in person because more engagement is required. It is best to reduce the number of hours going through a specific exercise, pushing everyone to achieve more in a shorter amount of time.

Virtual meetings are taxing on everyone because our brain receives more stimuli than during a physical meeting (multiple screens to follow at once, computer fatigue, multitasking). The “Zoom fatigue” appears because our brains perceive words and body language to decrypt a conversation. Our instincts are being challenged by technology when we are required to sustain intense attention to terms only. When a person is framed only from the shoulders up, the possibility of viewing hand gestures or other body language is eliminated. Multi-person screens and gallery views multiply the pattern by forcing us to decode multiple people at once. Virtual meetings pull our attention to many more things: watching multiple people simultaneously, paying more attention to the speaker because their words are isolated from body language cues, monitoring and adjusting our image. With the strain that video meetings create on our brains, we need to limit the sessions. Superfluous meetings extended the day and created burnout in the long run. Meetings can happen when they are necessary; the result will be fewer useless meetings. If employees work less but better, they will be less tired and more able to devote themselves fully when the need arises.



Lastly, the traditional workday from 9 a.m. to 5 p.m. is becoming obsolete. Everyone has a rhythm. Some work better in the morning, others in the evening. Some prefer working the weekend to have a lighter week; others do not want to touch their

weekend. Work schedules should flex based on each individual. Based on Microsoft's research,¹⁰ work done during the 8 to 9 a.m. slot increased by 15 percent, 6 to 8 p.m. by 23 percent, and Saturday and Sunday work by 200 percent. There need to be standard times for all meetings, but it should be up to each to decide if they prefer to start later or finish earlier. By staying at home, people have to juggle multiple activities during the day, and being able to have more flexible working hours makes it easier on the overall plan.

By embracing remote work in ways that provide employees with flexibility and autonomy, employees will be more aligned with the digital mindset and more receptive to change overall.

Area two

Experiment with new organizational models

The traditional full-time employment model is losing popularity with younger generations, who are more willing to accept intermittent job insecurity as the new norm. Generation Z has seen their parents lose a job at times or take a pay cut. Lots have a second income, save more than their parents did at the same age, and stay home longer to get this extra financial cushion when needed. It is not unusual to see younger people work a regular job, do some extra consulting, create websites on the side, or teach online to complement their revenues and increase their safety nets. **Digital is giving them access to more activities than before**, allowing them to accumulate incomes. Nothing prevents them from teaching English to a Chinese child during lunchtime or developing websites after work.

There is high demand for labor right now, and employees know it. When interviewing younger generations, they often mention that they will stay with an employer as long as they keep learning and their salary/benefits are competitive.¹¹ They know that they will never spend their whole career with the same company. The

¹⁰ Jared Sparato, "The future of work – the good, the challenging and the unknown," Microsoft 365, July 8, 2020.

¹¹ Samantha McLaren, "6 Gen Z Traits You Need to Know to Attract, Hire, and Retain Them," LinkedIn Talent Blog, October 8, 2019.

company needs to provide them a substantial benefit for them to stay in the longer term.

But they also know that remote work has granted companies access to a much larger pool of talent. Employers can have access to the best and need not be limited by the quality of talent in their area. They are looking for employees that are resilient, learn quickly, and can work remotely across cultural differences and time zones. This new situation will both increase opportunities for the best and create more competition in the pool of candidates.



Today, many companies have a network of consultants they tap into when the need arises, preventing themselves from incurring permanent labor costs for employees who might sit on the bench in slow down periods. Some employees have gone as far as giving up on employers altogether and decided that they do not have to belong to an “employer” at all. Instead, they belong to an occupation. To succeed in digital transformation, it will be important to consider adopting new, more flexible organizational structures that allow you to swiftly adapt to ever-changing marketing conditions.

We could see multiple different models arise:

The independents regrouped into a corporation

In this model, the corporation takes care of the health benefits payments, the administrative tasks, and markets the brand, but the individuals are all on a 1099 contract and bring in their own rules. They pay back a percentage fee to the organization.

The corporation hiring independents

In this model, the corporation takes care of the health benefits payments, the administrative tasks, and markets the brand, but the individuals are all on a 1099 contract and bring in their own rules. They pay back a percentage fee to the organization.

The shareholders' corporation

A group of individuals with complementary skills get together and divide the parts of the organization among themselves. They function as a larger team but manage all the interests of the business. It is composed of a smaller group of individuals organized as business partners.

The Employee-owned corporation

Employees have a vested interest in the organization and manage its affairs. There is no centralized decision-making; everyone participates and performs their jobs. All the revenues are put back into the company to pay everyone's salaries.

These alternative organization models show that the notion of "employer" is becoming less relevant. People want to have more control over what they do and how they do it. They do not wish to be bound to a hierarchy, schedule, location, or mindset that might not match their values. Remote work makes it easier to associate with people sharing the same profession and interests from everywhere in the world, creating more efficient and skillful groups. Workers can apply the power of many to achieve their goals without associating with a particular employer, giving them full flexibility to adjust when need be.

Area three

Steer the ship with visionary leadership

Corporate America as we know it is dying. New generations are shying away from traditional structures and are looking for companies that demonstrate a real appreciation for their employees. Organizations are shifting their focus away from profit, shareholders, and the enterprise's sole capitalistic vision to managing an organization that respects and profits the society as a whole, where employees are the center of their existence. During the crisis, we have seen more organizations stretch their limits to save jobs rather than chase profit. The capitalist vision of the management of an organization is also facing a change.

A new leadership style is taking place where genuine human management is fostered. The pandemic has inspired a movement towards more ethical, compassionate leadership. Leaders cannot deny it, and employees will demand it. The best talent always has a choice about where to work, and their expectations of leadership are shifting. They do not want or have to work for companies where leaders fail to put people first.

I once worked for a company that went bankrupt when the newly appointed president decided authoritatively to start clocking employees and published new rules where five minutes delay would result in a write-up, and three write-ups would result in a warning. The outcome: a massive decrease in motivation and trust, complete disbelief in management and the future, very low morale, and a decrease in productivity. This was ironic because the original goal was to keep everyone on task). Employees were completely disoriented. Some arrived way in advance and waited in the parking lot, and those who did their best but could not always control traffic and had slight fluctuations. Even though the latter were catching up during lunchtime or at the end of the day by putting in many more hours than their regular schedule, they were still reprimanded,

and the consequences were devastating. By being willing to control employees' freedom, the president gave the final stroke to a challenged organization that ultimately led to its death.



Employees do not want to be timed and reprimanded if they arrive five minutes later than usual. These are old ways and traditional methods when employers had people clock in or face the consequences if they were late. Flexibility is needed. Employees need to feel trusted. They need to be empowered to be adults and to manage their time responsively. Using empowerment, it has been shown that employees work more than their normal hours.¹² No Generation Y or Z worker will ever accept such working conditions because freedom at work is one of their primary criteria for working for a company.

Employers are making more of an effort with health insurance to take into account employees' health. Employees are offered free flu vaccines, free screening, and online support or hotlines. Employers also provide on-site back massages, yoga, mindfulness sessions, mental health how-to, and many other tools to improve on-site well-being. More emphasis has been put on employees' mental health over the years, a criterion that any employer must now take into consideration. Mental health needs to be considered as much as physical health, and new generations are more and more aware of the need to take charge of their mental well-being.

¹² McKinsey & Company, "The CEO moment: Leadership for a new era," McKinsey Quarterly, July 21, 2020.

The new generations are becoming more and more educated to the point that Generation Z will be the best-educated generation ever. With more education comes more expectations. Often, leaders are no longer those who have the most technical skills. They do not know how to do the tasks, while the youngsters do. Consequently, they need to bring in a different added value. Managers and leaders need to know how to bring out the best in people; to help them spread their wings and reach their highest potential. This requires communication, understanding, coaching, learning to stay out of the way, being the mom/dad/friend/guide, etc. when needed, and providing the security for people to do their jobs without having to deal with unnecessary stress triggers. Younger generations value inclusivity, diversity, and respect for differences much more than previous generations. New leaders have to demonstrate such values to succeed in the new era.

More than ever, leaders will have to **learn to lead without authority**. Organizations are becoming leaner, employees are holding multiple hats, and the creation of PODs are all elements that will place leaders in front of leadership challenges without the “hierarchy” or “authority” to lead. Leadership without authority is the hardest to apply but will become the most frequently exercised. Cross-functional teams are more frequent, and learning to lead teams with different interests is necessary. Leaders must embrace a cross-organizational approach designed to enable constant change.

They need to be both technology- and talent-driven. They need to be versatile and able to juggle technology, processes, people, and strategy easily. They need to tear down roadblocks and ease the way for their team. They should be able to operate through ambiguity, have the learning agility to move between roles and teams, and engage and inspire others to action. Leaders need to be data-driven more than ever. Following their gut is no longer enough. They need to know how to immerse themselves with data. They need to understand how to curate and use all forms of data differently. Leaders must be well-versed in technology,

but soft skills are more important than technical ones. It is said that today every company is a tech company.¹³

Customer obsession must be the center of their lives. Leaders must serve their customers before serving their shareholders. Even more, they must serve employees before serving their customers. Employees drive customer experience and profits as a result. In the past, the need for profit took the focus away from the heart of their success. Stakeholders need to understand those who are bringing value. When done well, everything will benefit, and ultimately shareholders will also profit. Gains might not be as fast, and Wall Street might not control everything, but a better balance brings stability over time. **Customers do not want to be perceived as cash cows.** They want a product with a service. They want a brand that understands their needs. They want to share the same aspirations as the brand. They want to respect what an organization is doing. Customers are less loyal to brands when they do not respond to their needs. Every brand is chasing profit and offering more and more deals to the point that customers have become deal-chasers more than advocates. Customers want a good product at the best price, but they also want to “relate” to the brand. They want to know that the brand is doing what is right. Reputation and returning customers are coming from a strong tie to the brand. Who is my customer? What do they want? How do they stay? How do they want me to act? These are all questions that need to be answered. Too many organizations still have no clue about who they are serving and what their customers are experiencing. Leaders need to make sure they are putting customers at the center of the strategy because there is no business without customers.

What sets leaders apart is that they have long ago internalized the need for transformation and can create a digital mindset across the organization. To inspire a digital mindset, leaders must be visionaries, able to manage both the short-term and the long in parallel strategies. They are asked to inspire, motivate,

¹³ Claire Duffy, “How every company could become a ‘tech’ company,” CNN Business, November 10, 2019.

trigger energy, and astonish with their vision, and their vision needs to become increasingly global. Inspirational leaders can only lead better in uncertain times when employees follow without panicking, knowing their leader is on the right path. Success only happens where everyone clearly understands the goal, rallies around it, and executes it consistently. Diplomacy, communication, empathy are traits new leaders should exert. With the new organizational structures, no results can be achieved without such assets.

Leaders can no longer embody the characteristics they used to. They need to be more collective than individual, more collaborative than competitive, more coaches than commanders. To be a successful leader is to be a visionary. To succeed in digital transformation, leaders must have the humility to understand that the process is much bigger than them. They must have the perspective to understand that digital transformation is much more than secure cloud technology, improved digital processes, or new digital offerings; successful digital transformation is cultural at its core.



METHOD

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Method is a recognized leader in crafting branded experiences. We offer business, brand, product, and data strategy, visual, interaction, and service design, and full-stack technical implication services – working in concert to create digital solutions from concept to launch.

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