BUSINESS TRANSFORMATION

BUSINESS TRANSFORMATION

REPUTATION

Getting serious about reputational risk

The success of any business transformation hinges on reputation. While this could be overlooked, some boardrooms are starting to create robust strategies

Ruth Emery

Company reputations are in the spotlight. From having a voice on the important issues of the day, such as #MeToo, Black Lives Matter and the environment, to dealing with social media commentary and reacting to cyber attacks, building and preserving a good reputation is key to success.

But when it comes to business transformation, reputational risk can be forgotten. Why? Some executives are focused on the bottom line, but don't realise reputation is intrinsically linked to value, while others may think about the risks too late and then it becomes a reactive, rather than proactive, strategy.

In its 2020 *Reputational Risk Management Survey Report*, Willis Towers Watson found 68 per cent of clients have no framework in place for reputational risk. Yet 86 per cent are concerned about loss of income and a reduced customer base because of it.

At its heart, a good reputation means a more healthy organisation. Investors want to feel good about the businesses they are buying and they know one with a bad reputation is worth less. Employees are more likely to stay when they are happy with their employer's actions. The same is true of customers.

"All three groups are becoming more conscious of reputation. It's tough to build a good reputation and easy to lose it," says Jonathan Armstrong, partner at Cordery Compliance, part of LexisNexis.

The new media landscape is fast paced and hard to control. More people are getting their news from social media, where a single tweet or post has the potential to cause significant reputational damage to a firm. The danger can come via an influencer or a disgruntled customer. But it can also come from the company itself, perhaps in a social media campaign or the way it responds to customers.

For example, Burger King's tweet that "Women belong in the kitchen" on International Women's Day faced a backlash on social media. According to Duncan Gallagher, senior director and head of crisis for Europe, Middle East and Africa at Edelman, it also shows that no company is immune from making mistakes.

"Burger King normally has a great reputation on social media, but this was tone deaf. It could have an impact. On sales? No. But reputation? Yes. And then it's just this 'drip, drop, drip' and you're on the backfoot. It will mean more focus on Burger King, it could affect future campaigns and there could be more scrutiny on, say, how it treats women in the workplace," says Gallagher.

An easy way out of the perils of social media could be to not engage. But that is also a major risk. The most successful firms must have a voice.

Armstrong notes: "Previously, reputation was often about not doing things. But corporations are now expected to step in, for example on Black Lives Matters, to fill voids left by governments."

Failing to address reputational risk properly during business transformation has consequences, the worst being the transformation fails.

According to Gallagher, the success of any transformation hinges on reputation. "Whether it's a restructuring or a refocusing, reputational risk needs to be brought in earlier, ideally at the planning stage. Then you can have a coherent team working to mitigate risk. It doesn't matter if you have amazing products, if you fail to communicate the transformation properly to all stakeholders, your reputation can take a hit."

He adds that last year reputations were tarnished when firms had to adapt during the pandemic. "In the early days of the COVID crisis, some companies didn't do a good job at reassuring staff about being furloughed and there were ethical questions about which firms repaid furlough cash. None of them destroyed their reputations, but the ones that looked after their community and their staff are the ones that will benefit over the long term," he says.

Garret Gaughan, head of the global property and casualty hub at Willis Towers Watson, says firms need to get better at connecting the different teams that look after reputation. "Corporate comms look after the brand, risk management looks after mitigating and transferring risk, and then finance looks at the financial and operational risks. These functions tend to operate in isolation or communicate infrequently around a risk that is dynamic and has real-time velocity," he explains.

Gaughan believes things are improving. Boards are starting to appoint one of their members to look after reputation and some are now linking elements of board-level remuneration to reputational impact.

He points out there are significant rewards for firms that create and communicate a coherent strategy: "Apollo, the private equity house, recently saw an uplift in its share price to the tune of $800 million because it had clearly articulated to the markets its reputational risk management strategy."

Key risks to be mindful of in 2021 include sustainable development, safety standards (in the wake of the Grenfell fire inquiry), Brexit, China, cybersecurity and the future of work after COVID.

The spotlight is likely to be put on climate change in November, when the United Nations Climate Change Conference, COP26, is held in Glasgow. There may be scrutiny of which organisations have signed up to the net-zero pledge and are actually sticking to it.

Post-COVID there will be multiple decisions for business executives to make. These include whether to allow flexible working and if so how; how to monitor employee productivity and their wellbeing, particularly if they're working from home; and decisions on foreign business travel.

Armstrong highlights some issues that companies have fallen foul of recently. Google took a hit to its reputation when a Black researcher said she was fired after criticising the company's diversity efforts. There have also been calls to boycott fashion retailer Boohoo over modern slavery allegations regarding its supply chain, while dating app Grindr was fined €10 million by the Norwegian Data Protection Authority in February for sharing highly sensitive information and not complying with the General Data Protection Regulation.

As a final point, it's worth reflecting on the knock-on effects of a damaged reputation. It is estimated that Uber spent half a billion dollars trying to restore its reputation after coming under attack due to its tax affairs and treatment of workers, which led to threats or actions to withdraw their licences in some cities, including London. It has just announced a climbdown on the status of drivers in the UK and will now pay them a minimum wage, holiday pay and pensions. It's a move that will surely cost them millions more. ●

THE BIGGEST NEGATIVE BUSINESS OUTCOMES OF REPUTATION DAMAGE

Willis Towers Watson 2021

% of risk managers

Loss of income	86%
Loss of talent	61.5%
Less attractive as employer	56.5%
Loss of license to operate	36.5%
Loss of 'benefit of the doubt' in time of crisis	36.5%

# Managing cyber risks in a transformation project

Leaders must balance the need for speed with implementing transformation in a cyber-secure way, while avoiding the pitfalls along the way

Rosalyn Page

W hatever the business transformation – digital, entering a new market or overseeing a merger – there are inherent risks. But all too often the focus is on areas such as operational benefits or cost-savings. Cybersecurity, however, needs to be a major part of the planning process.

Cybersecurity is integral to the success of any business transformation project and needs to be factored in at the design and planning phase. This is particularly important if the C-suite doesn't have sufficient experience or where a chief information officer (CIO), or their equivalent, is not involved in the business process conversion.

In practice, however, cybersecurity teams are often included too late or not at all. "The project leaders need to identify potential cybersecurity threats and develop a robust strategy to manage cyber risks and become cyber resilient," says Jane Frankland, founder of KnewStart and the IN Security Movement.
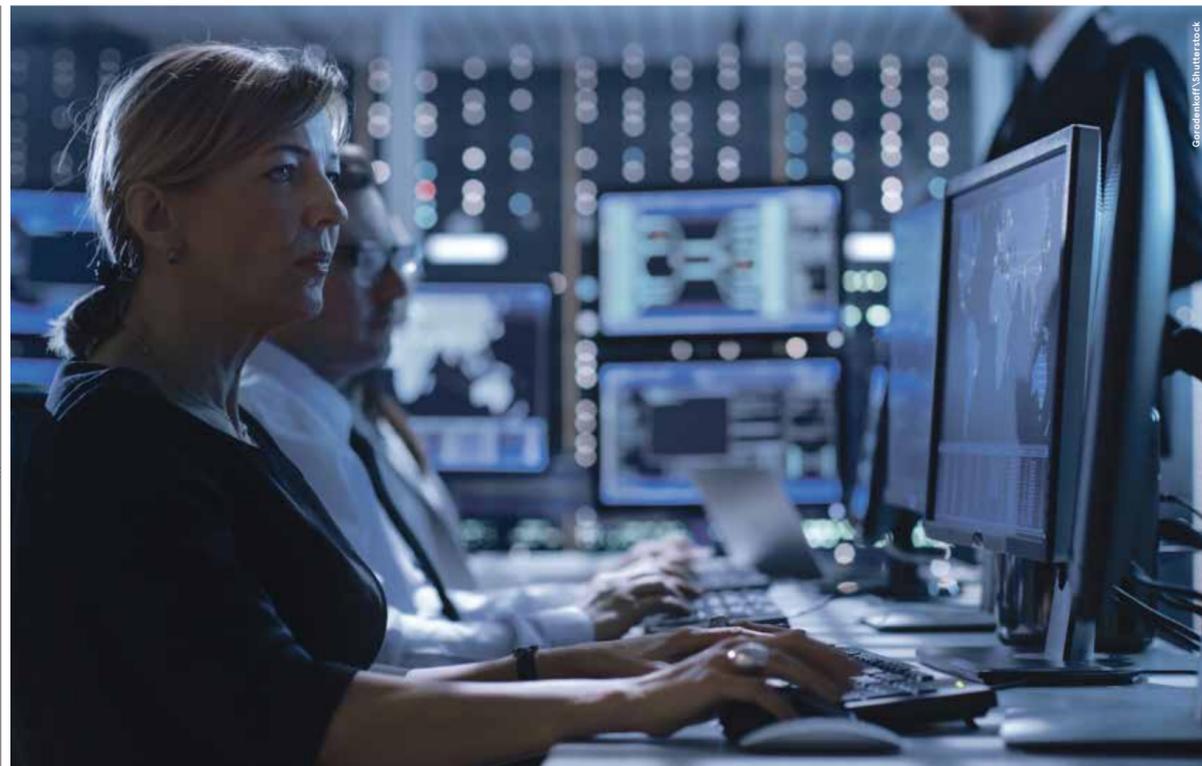
"Although cybersecurity's role in business transformation has improved, both in awareness and involvement in earlier stages of the design process, those in charge, typically chief information security officers (CISOs), are still struggling to see the breadth of projects in their ecosystems."

For instance, with complex cloud migration strategies, such as moving from software as a service to platform as a service and developing multi-cloud set-ups, businesses need a clear strategy, an agile governance model and alignment across the whole organisation. In all this, the organisation's appetite for risk must be understood.

"Businesses must include cybersecurity at the start and communicate a transparent governance risk framework, along with close monitoring and remediation of anomalies, to 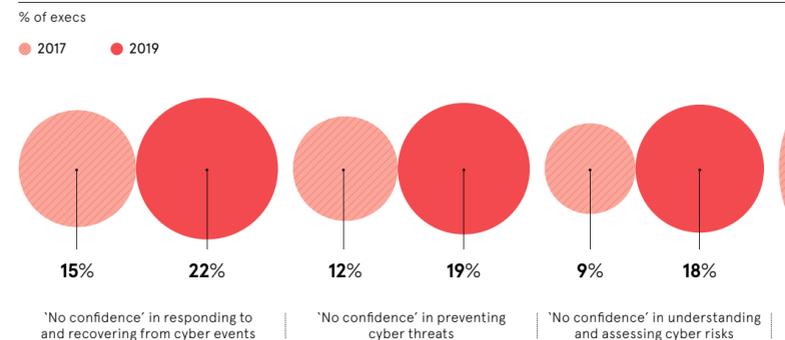maintain compliance. And they must work on developing the right mindset, behaviours and culture in their organisations when transitioning," says Frankland.

Protecting sensitive data

Business transformation inevitably goes hand in hand with technological upgrades, which often means migrating sensitive data and technical processes from one system to another. The first challenge, according to Chris Harris, Europe, Middle East and Africa technical director at Thales UK, is understanding where sensitive data is held.

"While this should already be an integral part of an organisation's cybersecurity approach, it is often something that catches them out," says Harris. "No area should ever be overlooked when considering cybersecurity in a digital transformation project. Doing so could leave a business exceptionally vulnerable to attack. Hackers will find any means to infiltrate an organisation, so businesses must ensure they shut every gate and lock every door."

Once the transformation is underway, the switchover period poses the greatest risk of hacking and cyberattacks, and needs attention. "Cybersecurity measures such as anti-malware, comprehensive firewalls and prior planning of every step of the transfer are key," says Steve Jacob, UK director of international web development agency SmartOSC.

"With cybersecurity laws and regulations, such as GDPR [General Data Protection Regulation], in place in many regions, many regulatory bodies have teeth and will bite, hard, with penalties for non-compliance. Being actively aware of the cybersecurity requirements in any new market you plan to enter are now table stakes."

Locating the source of responsibility

While everybody in an organisation should be trained in the importance of data security and what they can do on a personal, day-to-day basis to mitigate risks, the ultimate responsibility for cybersecurity lies with the executives and, if there is one, the dedicated cybersecurity team.

"The C-suite executives should make a comprehensive plan to identify potential security problems and who is in charge of heading them off in time," says Jacob.

It's a view shared by Richard Meeus, security technology and strategy director, Europe, Middle East and Africa, at Akamai Technologies, who says the ultimate responsibility falls to the C-suite and normally this means the CISO.

"They should be involved in all discussions about the transformation project to ensure the business is not putting itself at any unnecessary risk and security is factored in at each stage," says Meeus.

The wider business also has a shared responsibility to know the risks associated with a project and the steps being taken to mitigate them. While education from top to bottom is vital to ensure any security policies introduced are being followed, final responsibility sits at the top.

"Ultimately it's the person at the top that can lose their job should a breach occur, so they need to be aware of steps being taken," Meeus says. "Just because the world we operate in is in large part virtual, the rules have not changed. It is still the responsibility of businesses to take ownership and responsibility for the data they collect and store," he adds.

What can go wrong

From reputational damage to hits to the bottom line, no business can afford to overlook any area of cybersecurity. "Hacks and data breaches spell disaster for the individuals who are targeted and the reputation of any company that is attacked. Keeping users' personal data safe should be the business's priority above all things when undertaking a transformation project," says Jacob.

Without a watertight plan in place to identify and resolve cybersecurity issues quickly, sensitive data can fall into the wrong hands and even be used for criminal purposes. "It's absolutely crucial businesses have a solid data recovery plan to be prepared for the worst-case scenario," he says.

> ❝ It is vital that businesses factor in security from day one, rather than treating cybersecurity as an afterthought

The coronavirus pandemic has accelerated the need to move on digital transformation for many organisations, but it remains vital to carry out safe implementation without cutting any corners.

"Companies must follow a security-by-design approach and build tailored cybersecurity measures into the system. It's also vital that businesses factor in security from day one, rather than treating cybersecurity as an afterthought. Any lapse in this could allow hackers to breach the perimeter," says Harris at Thales UK.

Balancing transformation and cybersecurity

Balancing the need to move quickly on a transformation project with undertaking it in a cyber-secure way must start with identifying project risks and developing a clearly defined, managed process. "Ideally, simplify the approach as much as possible, using a standardised set of solutions to gain speed and agility," says KnewStart's Frankland.

She also advises leaders charged with transformation responsibility to grasp the breadth of projects to understand the risk exposure across networks, applications, cloud infrastructures, datacentres and supply chains.

"Penetration testing and risk assessments are also a must to uncover vulnerable assets and direct risk mitigation action. Automation within continuous security monitoring solutions can further advance capabilities, reduce the threat surface and enable cybersecurity teams to focus their efforts on remediating risks based on their priorities, maximising time and efficiency," says Frankland.

To reduce risk even further, businesses might consider actively including women in the transformation team. "Women are well known for adding a strategic and competitive advantage to business. And when it comes to cybersecurity, they add another benefit of seeing risk in a different way to men," she says.

"Being highly attuned to changing patterns, a skill that's needed for spotting anomalies, correctly identifying threat actors and protecting environments, women are especially useful in cybersecurity. But it's not that women are better than any other gender, it's just that when we come together as human beings, we do a better job. Diversity strengthens businesses." ●

> ❝ Hackers will find any means to infiltrate an organisation, so businesses must ensure they shut every gate and lock every door

BUSINESSES RANK CYBER ATTACKS AND THREATS AS ONE OF THE HIGHEST RISK MANAGEMENT PRIORITIES BUT ARE STRUGGLING TO DEAL WITH THEM

% of execs

● 2017 ● 2019

Rank cyber risk as a top five concern

62% **79%**

15% 22% 12% 19% 9% 18%

'No confidence' in responding to and recovering from cyber events

'No confidence' in preventing cyber threats

'No confidence' in understanding and assessing cyber risks

Marsh & McLennan 2020

People at the centre of successful digital transformation

Many technology-based transformation efforts hit a roadblock around successful resourcing. A flexible workforce and an aligned culture and vision are essential to achieve the targeted outcomes

A t its simplest, digital transformation is how technologies such as artificial intelligence, cloud and blockchain are used to power a company forward. This can be to enhance or create, processes, culture and customer experiences to meet changing business and market requirements.

Digital transformation is largely driven by customer experience, expectation and engagement. Some 84 per cent of customers say the experience a company provides is as important as its products and services, according to research by the cloud-based software company Salesforce.

While other catalysts for digital transformation will vary by company, all digital transformation is business transformation. Organisational change, operational improvements, and embracing new technologies and ways of working are drivers of success in a hyper-competitive marketplace.

Recent research by the transformation business TEKsystems® reveals that one third of organisations identify the coronavirus pandemic and resulting market pressures as the catalyst for their digital transformation efforts. Nine hundred technology and business decision-makers were interviewed for the report, which also found digital transformation leaders had a strong focus on prioritising projects that will unlock fresh business models in the tough environment.

Navigating transformation challenges
Successful digital transformation can be elusive and some of the common challenges have taken on even greater weight as a result of the disruption caused by COVID-19.

Barriers to effective transformation often occur within organisations. Most commonly, these include having too many competing technology priorities, leading to cost and resourcing problems. Then there are implementation complications created by rigid business processes and complex operating models. Lack of executive level buy-in or organisational alignment, resulting from siloed mindsets and behaviours, also hinder success. Finally, external factors, such as compliance, security and economic uncertainty, undoubtedly play their role.

At its heart, the digital transformation journey will always be less centred on the technology and more geared towards people. Organisations are using technology at scale to enable innovation, automate processes and deliver insights that fuel growth. Workforce adoption strategies behind the implementation of new technologies are critical to transforming a business, but the TEKsystems research found 44 per cent of decision-makers also believe extensive talent structure changes are needed for successful digital transformation efforts.

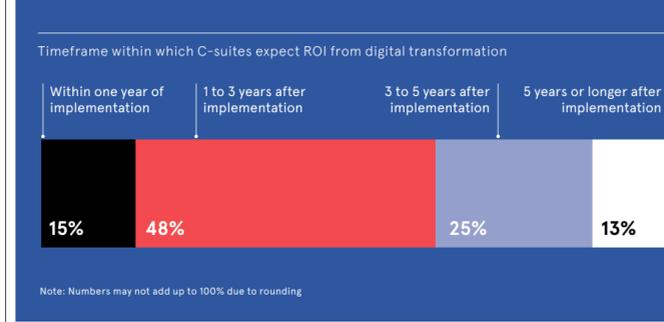"Where we often see digital transformation projects break down is when businesses fail to bring their people along on the journey or they fail to acknowledge any structural changes needed across a workforce," says Grant Wafer, Vice President of TEKsystems for Europe, the Middle East and Africa.

"Despite the very best intentions and substantial cash investments, if their people haven't bought into the benefits of new technology and aren't willing to adapt, it is unlikely the project will meet expectations."

Winning hearts, shifting mindsets and embracing new ways of working are what will ultimately define successful and sustainable digital transformation.

Transformation focused on people
There are five core steps businesses must remember if they are to succeed with digital transformation. First, companies must place their customers at the centre of the digital transformation vision, mapping journeys, anticipating what they will want and making it easy for them to do business.

Next, organisations must ensure there is consensus and conviction among senior leaders regarding the transformation goals, using that alignment to break down organisational silos. Third, it is equally important to select the technology that will not only achieve the desired outcomes, but be scaleable across the enterprise.

Businesses must also cultivate a culture that embraces change and that can respond to data and insight-driven decision-making with flexibility and agility. Finally, they need to identify the skills and expertise required to successfully deliver digital transformation efforts, determining how the right resources and partners should be aligned to the business.

Given that people are key to any transformation, large-scale change often leads to the emergence of significant gaps in talent. Wafer explains: "The digital skills required to commence and deliver a transformation project generally do not sit within a business, and traditional external resourcing channels can struggle to identify and attract the best talent in the market. Working with the right partner, who has the ability to augment permanent teams with a project-based workforce, deploying specialist skills at the right place and time, is crucial."

Digital transformation requires extensive operational change, which challenges mindsets and traditional orthodoxies. Delivering value by fusing new technology with existing systems can be a major task for organisations. Businesses often struggle when they take a narrow approach and focus on a specific redesign or automation of single processes.

Such digital transformation projects are achieved more successfully when an all-inclusive, holistic approach is taken and the broader implications are thought through, including how workflows, customer interactions and partner ecosystems will be impacted.

Technology adoption can create clear competitive advantage; the transformation journey is accelerated with a clear vision and framework, where technology plays the role of enabler. This acceleration of digital transformation has been critical for many organisations in not only surviving the impacts of COVID, but thriving in the new digital economy.

Power of partnership
Knowing where to start, however, can be overwhelming for companies. Fully understanding the business challenge that needs to be solved, creating a detailed plan and delivering a quality solution requires deep expertise. Complex answers to increasingly difficult problems require businesses to have access to the right skills and resources, when and where they are needed.

As businesses adapt to a rapidly changing commercial landscape and customer expectations, the role of the transformation partner has changed too. Such a partner needs to be a trusted adviser, technical expert, solutions designer and programme deliverer.

Businesses should expect their transformation partner to innovate on their behalf, provide highly tailored solutions and think globally while delivering locally. The partner must be able to build flexible workforces or solutions at scale and speed, have access to the best talent and be trusted to consistently deliver the targeted outcomes.

"Organisations should not have to be distracted from the day-to-day running of their business, but transformation can easily become a distraction," says Wafer. "When a digital transformation project is shared with a partner that has expertise in technology and access to in-demand talent, the outcomes have greater success rates."

> ❝ Businesses should expect their transformation partner to innovate on their behalf, provide highly tailored solutions and think globally while delivering locally

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FIVE TIPS FOR DIGITAL TRANSFORMATION SUCCESS

1 Put customers at the centre of the digital transformation vision. Map customer journeys, anticipate what they want and make it easy for them to do business with you.

2 Secure consensus and conviction among senior leaders on digital transformation goals; use that alignment to break down organisational silos.

3 Select the technologies and solutions that will not only achieve the desired outcomes, but can be scaled across the enterprise.

4 Cultivate a culture that embraces change and can respond to data-driven decision-making with flexibility and agility.

5 Identify the skills and expertise required to execute and deliver on digital transformation efforts and determine how the right business partners should be aligned to the business.

We're partners in transformation. We help clients activate ideas and solutions to take advantage of a new world of opportunity. We are a team of 80,000, working with over 6,000 clients, including 80 per cent of the Fortune 500, across Europe, North America, and Asia. As an industry leader in Full-Stack Technology Services, Talent Services and real-world application, we work with progressive leaders to drive change. That's the power of true partnership. TEKsystems is an Allegis Group company.
To find out about successful, people-centred digital transformation please visit teksystems.com/en-gb/services/all-services

TEKsystems
Own change

Infographics (centre spread)

CUSTOMER EXPERIENCE IS THE END GOAL FOR MOST DIGITAL TRANSFORMATION INITATIVES

Organisations' top digital transformation goals for 2021

Goal	%
Improve customer experience and engagement	60%
Reduce operational inefficiency	54%
Replace or upgrade legacy IT systems	44%
Increase speed to market of existing products or services	35%
Increase / achieve innovation	34%
Introduce new business models / revenue streams	30%
Introduce new products or services	25%

C-SUITES ARE OPTIMISTIC ABOUT THE RETURN ON INVESTMENT (ROI) OF DIGITAL TRANSFORMATION

Expected median top-line revenue growth as a result of digital transformation

36% C-suite
22% Rest of the organisation

Timeframe within which C-suites expect ROI from digital transformation

Within one year of implementation	1 to 3 years after implementation	3 to 5 years after implementation	5 years or longer after implementation
15%	48%	25%	13%

Note: Numbers may not add up to 100% due to rounding

LEADERS ARE CONVINCED OF THE NEED TO REIMAGINE TALENT IN ORDER FOR DIGITAL TRANSFORMATION TO BE SUCCESSFUL

Talent requirements to enable successful digital transformation, according to technology and business leaders

8% We don't need to change the types of talent we currently have in the organisation

13% We need to completely revise the nature of our talent base in the organisation

31% We need many new types of talent in volume across the organisation

47% We need some new types of talent in a few places in the organisation

Leaders who believe extensive talent structure changes are needed for successful digital transformation

2020 **37%**　　2021 **44%**

91% of leaders believe some kind of talent change is needed for digital transformation efforts to succeed

TEKsystems® 2021

TEKsystems and Best Western innovate to shape better customer connections

With more than 4,500 hotels across 16 brands in over 100 countries, Best Western Hotels & Resorts is a driving force in hospitality. But rather than rest on their established reputation, they're constantly seeking to improve their business and their guests' experiences. From online bookings to on-premise stays, they aim to delight.

THE PROPOSITION: Experience reinvented
Best Western wanted to provide more innovative and engaging experiences across their digital platforms to their guests. Everything from their online reservation platform to their member rewards programme portal was up for review. To evolve their customer-facing applications, they first needed to look inward. By refining their approach to application development and management, they would be able to quickly respond to changing customer and market conditions by more quickly delivering relevant application enhancements. Increased capability velocity would also increase customer satisfaction. Value accelerated.

THE PROPOSAL: Apps without limits
In supporting and maintaining Best Western's 34 core business applications, TEKsystems maximised value and speed by leveraging a global delivery model. TEKsystems' support included new feature development, testing and production support for many of their most critical applications. In addition, they supported Best Western's portfolio and strategic planning efforts and Agile/SDLC processes.
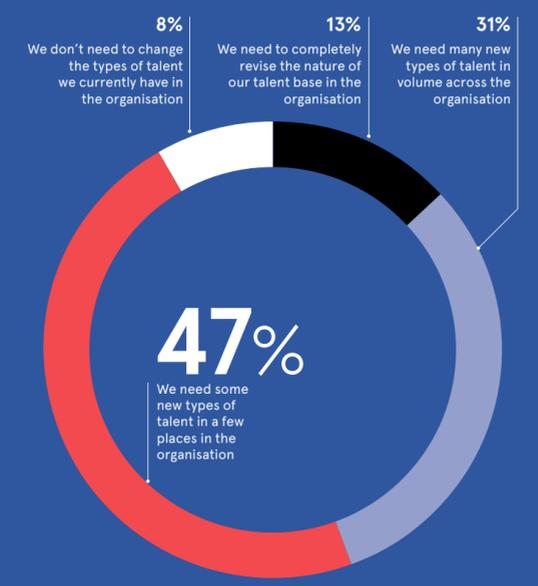
Through the TEKsystems service evolution – and by leveraging a global footprint – they enabled Best Western to deliver more value, faster. TEKsystems increased the amount of time spent developing and enhancing applications versus maintaining and fixing them by more than 20 per cent. Plus, TEKsystems helped them reduce their overall application incident backlog. Peak efficiency and performance means business running at optimum speed.

POWERFUL PARTNERSHIP: Full-stack solutions
TEKsystems is in the business of enabling change and building tomorrow. Through the evolution of their strong relationship with Best Western, they've partnered to go beyond application enhancement and deliver several critical business and technology innovation initiatives to drive transformation.

Real-world results
The partnership continues to enhance and support Best Western's customer experiences and digital capabilities, while reducing total cost of ownership. By helping to decrease spend on application management and improve speed to market, Best Western continues to deliver exciting new capabilities to customers and member hotels. Through the partnership, they've seen an improvement in their technology ROI. Improved operational efficiency. With enhanced service quality and business capabilities, Best Western delivers customer delight. Satisfaction guaranteed.

"As a trusted partner, TEKsystems Global Services is a crucial part of my Technology Management team, and perfectly fits into our organisation's culture. They deliver continuous process improvement, centred on an outcome-based set of IT service capabilities. They contribute to an increase in our productivity, speed-to-market for deploying technology projects and overall customer satisfaction to our member hotels. TEKsystems has a passion around their clients' success, and we value our long term partnership." Harold Dibler, Vice President of Technology Management, Best Western Hotels & Resorts.

Commercial feature

Innovation meets sustainability in the future of business

Sustainability meets innovation on demand, powered by data, artificial intelligence and edge-to-cloud capabilities, as companies seek transformation and agility in a fast-evolving business landscape

Never have companies been faced with such a rapidly changing operational environment where they must adapt at speed to survive and thrive. Even before the coronavirus pandemic upended the world, digital disruption was transforming the business landscape as we knew it. To succeed amid the sheer pace of change, organisations need to master the art of agility and innovation on demand.

Both agility and innovation are driven by data. However, enterprises have been overwhelmed by the huge volumes of data they've generated and collected over the last decade and have struggled to organise, analyse and create business value from it. To extract insights and execute digital transformation in an increasingly distributed business landscape, which has only been further accelerated by COVID-19, companies must be able to process and analyse data where it is created.

To support innovation on demand, leading enterprises are seeing the cloud as an experience rather than a destination. Yet while nearly every organisation has embraced the cloud in some way, most enterprise apps and data still reside in the datacentre. This means infrastructure must transform so the cloud, and intelligence, can be brought nearer to where the data is generated or collected among customers, partners and employees working from distributed locations, otherwise known as the "edge".

Artificial intelligence (AI) is crucial to transforming exponentially growing data into insight, action and value. HPE, the edge-to-cloud platform as-a-service company, powers workloads in the datacentre or at the edge, delivering cloud services to the data, wherever it is, with one consistent operating model and with visibility and governance of all apps and data. It partners closely with NVIDIA, the global leader in AI, to unlock value from IT estates and help companies achieve the promise of innovation on demand.

Sustainable synergies
Companies are increasingly realising the significant synergies between innovation on demand and achieving their business and sustainability goals. Truly sustainable technology not only powers core business objectives and delivers substantial cost-savings, but also helps fuel circularity, reduce carbon emissions and even find vital cures for diseases. Through such solutions, organisations can grow their business and optimise their operations, while driving society towards a more sustainable future.

HPE and NVIDIA partnered to provide the Netherlands Cancer Institute (NKI) with agile technology that accelerates cancer research and treatments through innovation on demand. Each day, NKI's researchers consume more than 100 terabytes of data, which was previously analysed on local machines under their desks, a time-consuming, expensive task. Having upgraded to a software-defined infrastructure, using HPE servers and NVIDIA virtual graphics processing units (GPUs), healthcare professionals can spend more time with patients, while researchers use the same platform to run the intense workloads they need.

Through collaborations with research centres using its HPC and AI solutions, HPE has aided complex COVID-19 research, which has helped accelerate drug and vaccine discovery. In addition, researchers around the world are using NVIDIA's scientific computing platform to fight the pandemic, from detection and containment to mitigation and treatment, monitoring and tracking.

NVIDIA is also leading the way in improving computing energy efficiency. Its GPUs are up to 42 times more efficient than CPU (central processing unit) servers for AI workloads, and its GPU-accelerated datacentres take up just 4 per cent the space of non-accelerated datacentres. Meanwhile, HPE recently received the Gold Class distinction from S&P Global for its sustainability performance.

"Accelerated computing is the most energy-efficient approach to solving large-scale AI challenges and all our new datacentres will be fully sourced from renewable energy," says Rod Evans, NVIDIA's Europe, Middle East and Africa director of HPC and AI.

Nitu Kaushal, General Manager, Compute, Edge, Internet of Things & Digital Solutions at HPE, adds: "We take a complete life-cycle approach with our partners, bringing together financial, environmental and technology needs to advance the way people live and work."

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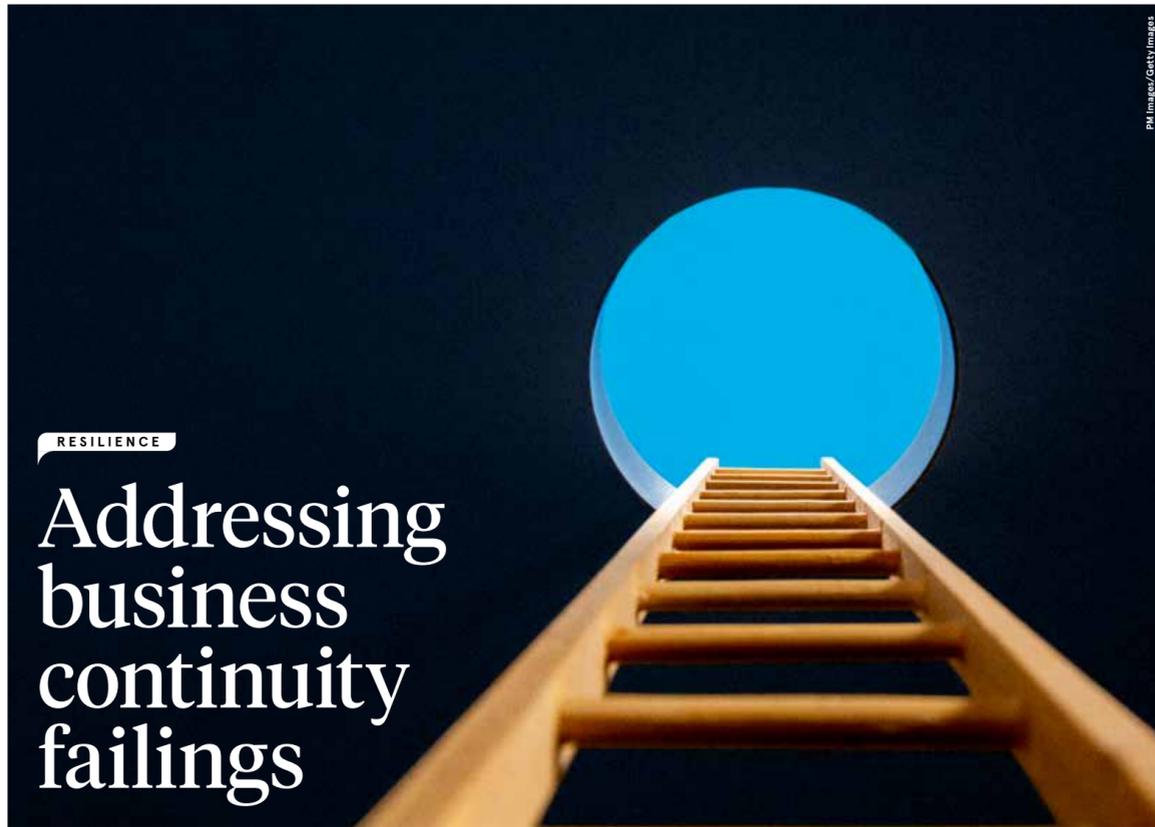
RESILIENCE

Addressing business continuity failings

Disaster recovery has come to the fore in the past year as the pandemic has forced businesses to reconsider how resilient they are. But it can feel like there are mounting disasters waiting to happen, from technological innovation to sustainability challenges

Padraig Floyd

There's a saying that if you fail to prepare, you'd best prepare to fail. Many businesses will have found this to be frighteningly true in the wake of the coronavirus pandemic.

Large businesses will generally have a business continuity plan in place that is ready to be implemented in case of an emergency. Smaller businesses generally relied on business interruption insurance, although it took a ruling by the Supreme Court before many of them were compensated.

Hiding in plain sight
Even though infectious disease has been high on the government's National Risk Register since it was created in 2008, most business continuity plans were not developed with a global pandemic in mind.

"Business leaders have woken up to the level of resilience they need to embed into the heart of their companies," says Felicity March, security and resiliency director at IBM Services, Europe. This is why, she says, the current market demand for IT security and resiliency services in the UK and Ireland is expected to be worth almost £2.7 billion in 2021.

If an organisation's business continuity plan didn't factor in the pandemic, it is in good company. More than half of companies (51 per cent) around the world had no plan in place to combat a global emergency, such as COVID-19, according to research published by Mercer in March 2020.

More worrying is the lack of confidence where a business continuity plan did exist. Around half of businesses in the UK (46 per cent) were not confident that their business continuity plans were up to date, according to a 2019 report from Databarracks.

Business protection is changing
Business continuity used to be about disaster recovery. That largely refers to IT because what is required is a more connected approach, says Professor David Denyer, director of research in the school of management at Cranfield University. That approach is resiliency.

Resiliency is required because the pandemic demonstrated the connected nature of societies and technologies. As a result, these problems cannot be managed through a risk management, business continuity or crisis management approach that only looks at a single part of the system.

"Resiliency is so crucial because it encompasses more than just business continuity crises. It includes incident management, disaster recovery, risk management and all those other functions," says Denyer.

The proof is in the risk register, he says, because many businesses have failed to translate that risk awareness into preparedness. "Resiliency shifts the thinking from the recovery of an asset to the delivery of essential service outcomes. We may find in a severe crisis that a site cannot be recovered, but we can find an alternative way of delivering the essential service to our end-user," he adds.

New definitions
Different businesses are better at identifying what needs to be done, says Helen Molyneux, director at consultancy Cambridge Risk. A manufacturer may have considered many of the prime issues and even built contingencies, such as generators, where necessary. These are the obvious processes and protocols and differ between companies.

Often overlooked is what the board does not see, areas such as middle and back-office procedures, for instance a call centre taking orders or a fulfilment department.
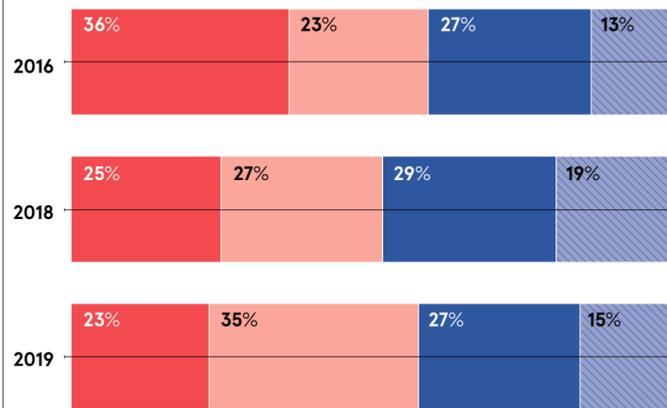
"I ask the board to take a step back and consider what they actually do as an organisation," says Molyneux. "This covers key activities such as orders or deliveries."

She then looks at the processes beyond these functions and probes the reputational or financial impact if any of those were lost. "This sets the corporate context so you can benchmark just which processes and resources are mission critical," she explains.

Beware the blind spots
Blind spots are a crucial avenue to examine, particularly in light of the pandemic. Many organisations found they were often ignorant of vulnerabilities within their supply chain beyond regular contacts, says James Crask, head of resilience for the UK and Ireland at insurance broker Marsh.

Last year, one of Crask's retail clients was waiting for a shipment of Easter gifts that had failed to arrive. It was only then that the company discovered they were wholly dependent upon a series of manufacturing suppliers based in and around Wuhan, the province at the centre of the initial COVID-19 outbreak, that had been outsourced from their main supplier.

"The company had no visibility until the call came to say the shipment would not arrive. This will force organisations to think much harder about their supply chain resilience," says Crask.

These oversights are accidents waiting to happen, says Richard Gordon, director of the disaster management centre at Bournemouth University, and are in every organisation. "They can often be avoided by speaking to employees who are closer to the coalface," he says.

Failures may be due to a deficit in the culture or the reporting mechanism because even an intern or cleaner might identify a potential

> Plans are skeleton structures in which to give people advice about how they do things. It's the people that fill in the gaps

maintain the trust of our customers and do not have an understanding of our staff or their conditions."

Where to start
Any business continuity plan needs to be based on a holistic assessment of the company's potential challenges and needs, says IBM's March. "A cross-functional team of leaders within the organisation certainly can and should be involved with the initial planning and routine assessments to ensure awareness and readiness," she says.

Dr Lee Miles, professor of crisis and disaster management at Bournemouth University, agrees any plan needs to be holistic, but that it also needs to be operated at all levels and, more importantly, to be continually updated.

"You're only as good as your monitoring," says Miles. "Plans are guidelines, skeleton structures in which to give people advice about how they should do things. But it's the people that fill in the gaps."

In a crisis scenario, the plans are no good if they did not predict the situation the business faces. This is where "entrepreneurial elements" among employees fill in the gaps of plans. "That requires the building of trust to allow that discretion to be exercised, within remits, coupled with a flow of communication," he says.

Crask broadly agrees: "It comes down to making sure there is a very strong function within the second line of defence that is holding management accountable." That second line of defence sets the policies and processes, so there is consistency in planning, he says.

How to continue
However it is achieved, the process must be continual, adds Miles, because the business only understands the extent of the potential risks by exercising the plan, and most importantly, the people who will be implementing it.

Leaders may not be in charge of the resilience project, but they are absolutely crucial to the success of the project, says Denyer at Cranfield University. "Our research shows that leaders who put resilience at the heart of what they do create an alignment across all an organisation's silos.

"It requires communication and co-ordination, but essentially building commitment to resilience and driving it through the culture of the organisation, so people feel personally responsible for resilience and dealing with problems as they emerge." ●

HOW OFTEN BUSINESSES TEST THEIR DISASTER RECOVERY PLANS

A survey of IT leaders

■ Not at all ■ Once a year ■ Once a quarter ■ Every month

Year	Not at all	Once a year	Once a quarter	Every month
2016	36%	23%	27%	13%
2018	25%	27%	29%	19%
2019	23%	35%	27%	15%

Unitrends 2020

BOUNCING BACK FROM FAILURE

Investment in digital transformation is expected to approach $6.8 trillion between 2020 and 2023 as the world economy digitises. Yet the vast majority of these investments stall or fail – and usually for reasons within a company's control. To make the most of the digital opportunity, it is not enough to want to transform, businesses must have the right leadership in place and properly resource projects

INVESTMENT IN DIGITAL TRANSFORMATION IS SET TO SOAR

Actual and *predicted spend globally

- $0.96tn — 2017
- $1tn — 2018
- $1.18tn — 2019
- $1.3tn — 2020*
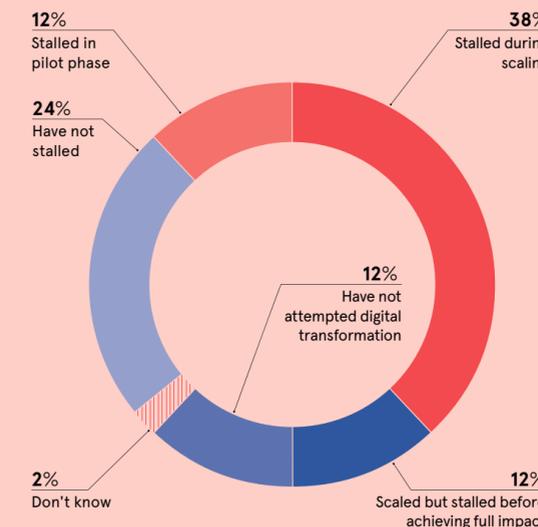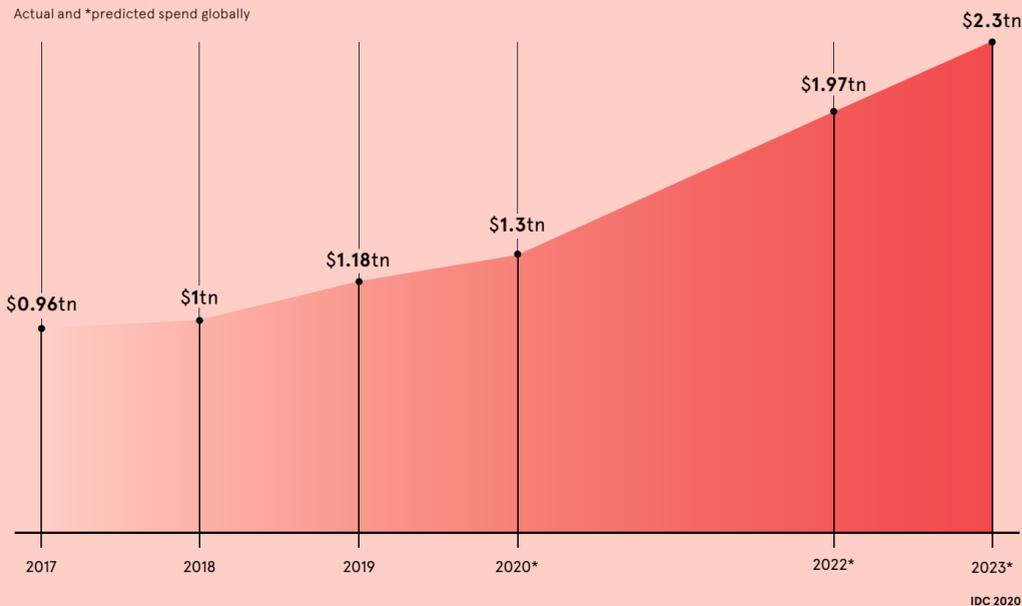- $1.97tn — 2022*
- $2.3tn — 2023*

IDC 2020

THE HARDEST DIGITAL TRANSFORMATION CHALLENGES TO OVERCOME

Success rate for addressing the following causes

McKinsey 2020

Resourcing issues	Significant disruption in marketing and/or business environment	Misaligned culture and ways of working	Ineffective design of transformation	Lack of core competencies	Insufficient alignment and/or commitment	Lack of clarity on strategy	Ineffective or misinformed transformation strategy
46%	42%	40%	36%	33%	33%	26%	20%

THE INDUSTRIES MOST IMPACTED BY COVID-19 HAVE THE SLOWEST GROWTH IN DIGITAL TRANSFORMATION SPENDING

% change in spend pre- and post-pandemic

IDC 2020

2020 growth rate pre-COVID

- Distribution and services — 18.6
- Financial — 19.9
- Infrastructure — 14.8
- Manufacturing and resources — 15.7
- Public sector — 18.1
- Personal and consumer services — 18.4

2020 growth rate post-COVID

- Personal and consumer services — 5.3
- Public sector — 13.8
- Manufacturing and resources — 8
- Infrastructure — 11.2
- Financial — 13.4
- Distribution and services — 9.8

THE VAST MAJORITY OF COMPANIES STALL IN THEIR DIGITAL PROGRESS

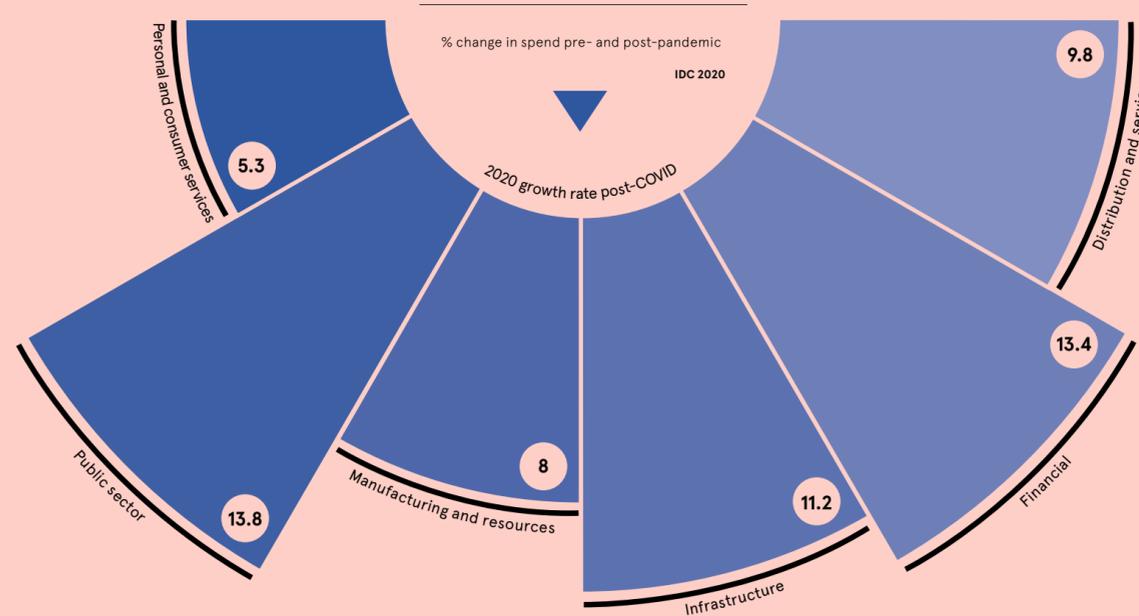Where companies stall in their transformation

McKinsey 2020

- 12% Stalled in pilot phase
- 38% Stalled during scaling
- 24% Have not stalled
- 12% Have not attempted digital transformation
- 2% Don't know
- 12% Scaled but stalled before achieving full impact
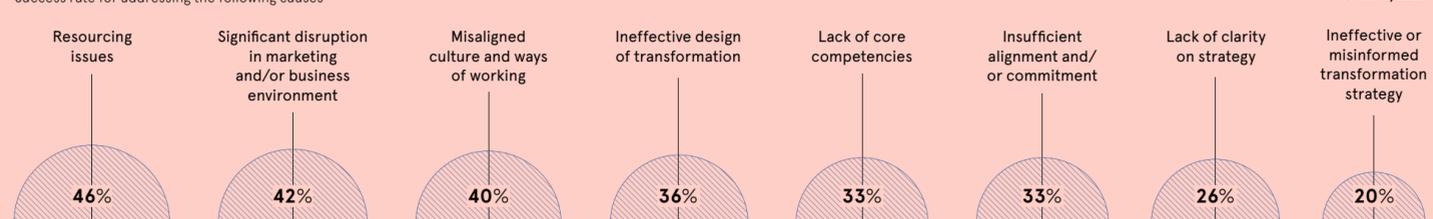
PRIMARY REASON FOR MOMENTUM STALL

Numbers may not add to 100 due to rounding

McKinsey 2020

- ● Not within organisations' near- to medium-term control
- ● Within organisations' near- to medium-term control
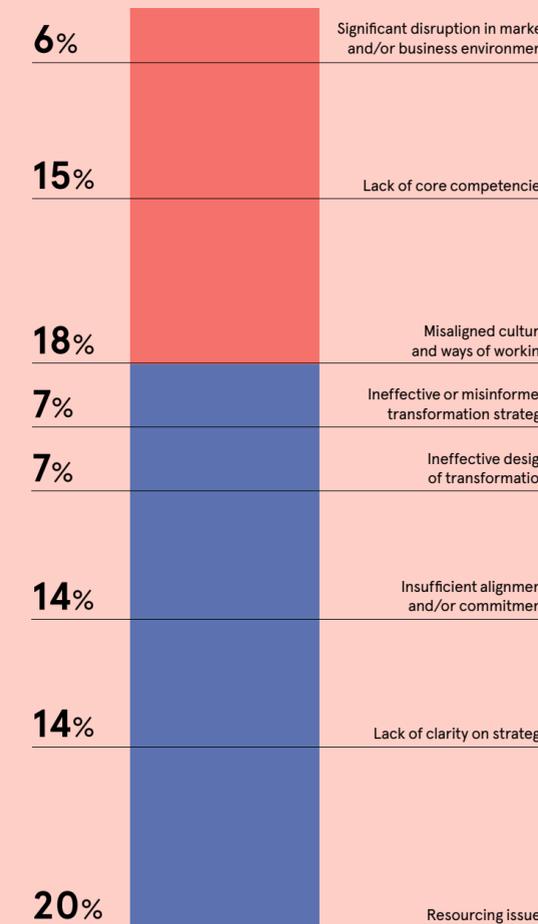
%	Reason
6%	Significant disruption in market and/or business environment
15%	Lack of core competencies
18%	Misaligned culture and ways of working
7%	Ineffective or misinformed transformation strategy
7%	Ineffective design of transformation
14%	Insufficient alignment and/or commitment
14%	Lack of clarity on strategy
20%	Resourcing issues

COVID-19 HAS SPED UP DIGITAL TRANSFORMATION NEEDS

% of IT leaders (Numbers may not add up to 100 due to rounding)

Harvey Nash/KPMG 2020

- **47%** permanently sped up digital transformation
- **24%** implemented artificial intelligence and machine learnings
- **23%** undertook a large-scale software-as-a-service implementation
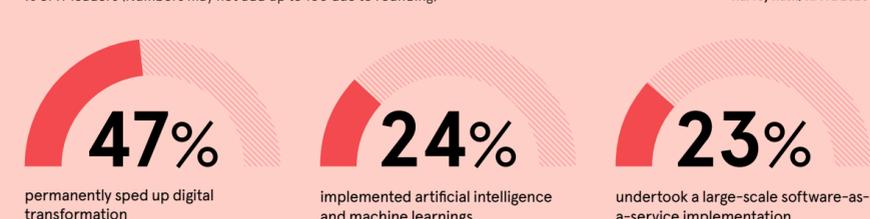
The pros and cons of a chief transformation officer

They have the power to transform an entire business, but mistakes can be costly. So what are the factors companies should consider when hiring a chief transformation officer?

Ellen Hammett

C hief transformation officers (CTOs) are increasingly taking a seat at the top table and exerting a growing influence on the long-term strategic decisions of businesses.

With a mandate to drive change, innovation and growth, the appeal of the CTO role is clear and the advantages are many. But there are fundamental mistakes businesses and CTOs make that must be avoided if the role is to be conducive to business transformation.

Building bridges

One of the main advantages of having a CTO is they ensure the transformation does not get lost amid the day-to-day running of the business. With eyes on all parts of the operation and at every level, they are uniquely positioned to balance the everyday with a strategic vision of the company.

76%
of C-suite execs say that COVID-19 will impact or cause them to pivot their medium to long-term strategy

80%
of C-suite execs that added the roles of chief growth officer, chief transformation officer or chief sustainability officer in the past five years say those positions substantially influence strategy

EY Parthenon 2020

For publishing company DC Thomson's chief strategy and transformation officer Rebecca Miskin, it is about working with all leaders within the business to constantly understand what the biggest challenges and opportunities are. She then pulls these together to create an overall vision that both shareholders and employees understand and believe in.

"Day to day, my job is building bridges, listening and reframing questions, learning from other industries and imbuing that into the organisation, and focusing on outcomes and priorities," Miskin explains.

"All this is not through control, it's through influencing. The idea is to ensure that in years to come shareholders have the rewards they were looking for and staff are the most poachable teams in the market, but choose to stay because of the opportunities and the values of the organisation."

Key to the success of the role is "seeing yourself as an enabler", says UKTV/BBC Studios UK's chief marketing and innovation officer Simon Michaelides, who was previously CTO at the organisation. Rather than taking ownership for anything away from anybody else, CTOs must see it as their job to facilitate change.

"What a CTO can bring to the party is the ability to pick up some of the work, often quite a lot of the heavy lifting, that others in the organisation don't have the capacity for because of their day-to-day commitments," he explains.

"There's a bridging role between the future and the present. While everyone understands the strategy and has the intention to head in that direction, often you're anchored in the demands of the here and now.

What a CTO does is slot in between the two and act as a bridge. You're the only person who has the capacity to focus on how you get from A to B."

Taking ownership

One of the major mistakes businesses make when they hire a CTO is they remove ownership of the transformation needs to be line owned or the managers.

"Then equally you have a lot of great work going on in those ivory towers, but it's not getting any traction because it doesn't have somewhere natural to live."

Hire higher

Another mistake businesses make is they "under-gun" the role in terms of seniority and end up with somebody who is more of a process person or a project manager, "who checks in on how things are going, but doesn't add any value to the transformation", says Hudson.

"CTOs have to be seen as equal to the rest of the executive committee, if not slightly above," he says. "Ultimately this person is going to be leverage for the CEO so the organisation needs to understand that when the CEO is not in the room, the CTO and CEO are connected at the hip and therefore the CTO is talking for the CEO. That way you can get the leverage effect from the CEO."

With this in mind, there are clear advantages to hiring somebody who is already in the executive team. Michaelides was UKTV's chief commercial officer before

taking on the CTO role. This meant strong relationships with the rest of the leadership team were already in place and he was plugged into the day-to-day business conversations and aware of all the work going on.

There is an interesting question of whether the CTO role is time bound or permanent and naturally this will depend on what the business is trying to achieve.

While Michaelides's time as CTO was a "natural evolution" that happened in phases and came to an end after seven months, he has retained all of the future-facing innovation work in his new role as chief marketing and innovation officer.

Similarly, DC Thomson's Miskin sees her role evolving and is not expecting to be doing what she is today in a year's time, "let alone three". Whether that is under the same title or a different job description, Miskin will "embrace uncertainty" because that is what CTOs do, she says. ●

tend to see is the day-to-day business units then reject the work, they develop not-invented-here syndrome and they reject it because they don't feel like they've been listened to or they haven't had a hand in influencing the shape of a project.

"That is absolutely the wrong move," says McKinsey's transformation senior partner Richard Hudson. "We fundamentally believe transformation needs to be line owned and line managed, and the people who design these initiatives are the people running the business.

"They need to buy into them and they need to accept them, because they are ultimately the people who are going to have to live with the consequences of them after the transformation."

Effective CTOs will build cross-functional project teams and involve the day-to-day business with the transformation initiatives from the beginning. This will ensure their role is not seen as siloed from the rest of the business and everyone sees transformation as their job too.

"Where I've seen it done badly is where individuals end up building an ivory tower around themselves," says Michaelides. "What you then

> **CTOs have to be seen as equal to the rest of the executive committee, if not slightly above**

'Transformative change starts with an ambitious vision set by the chief executive'

D igital transformation excites CEOs yet sparks a whirlwind of change throughout a business. In an environment where we could hunker down in the winds of change, fortune favours those making windmills.

More than three quarters (77 per cent) of UK chief executives plan to increase their investment in digital transformation over the next year, according to PwC's 24th annual *Global CEO Survey*. This digital imperative to evolve has been accelerated by the pandemic as companies implement changes across supply chains and customer or employee engagement channels.

Moving to the cloud, mining data for insights, adopting machine learning, investing in software development and keeping the organisation secure are just some of the tasks digital transformation entails. It isn't easy.

Attracting and retaining the skills needed at an operational level is also hard. Research by Nominet found that the average tenure of a chief information security officer is less than two years in the UK, shorter than a Premier League football manager. Sadly that tenure is common across system administration, dev ops, big data and data science. The pools to draw on are small too; across these roles nearly three quarters (78 per cent) are male and nearly half (48 per cent) have less than seven years' experience.

The next layer of experience and skills for digital transformation is the senior leadership team. Whether in industry or government, many senior leaders didn't learn their trade as a native technology leader and there is a certain amount of learning and leading on the job.

Take one aspect of digital transformation, the cloud, as an example. A recent *MIT Technology Review* survey found that 61 per cent of the 300 business leaders polled were increasing their investment in cloud technologies as a direct result of the pandemic. In the past, cloud computing was considered a tactical cost-reduction ploy, now the benefits are more to enable businesses to grow revenue and this requires good use of data.

Transformative change starts with an ambitious vision set by the chief executive. In my experience, setting a timeline and milestones is key. When I worked at Nominet, we set a 1,000-day plan with ten sprints of 100 days, where the business had key goals to achieve that cascaded across the business.

Executing on the vision will require investments in technology and decisions on strategy, which are increasingly converging. A good knowledge of how technologies, such as the cloud, can be used to drive a competitive advantage is vital. The strategic importance of a chief transformation officer (CTO) in this context is increasing. They are often at the helm of determining the technological choices and execution of a digital transformation, educating and influencing peers on the journey.

Particularly in larger businesses, digital transformation programmes are led by new roles, the CTO or chief digital officer. These roles help give focus and accountability in three key ways: firstly, crafting the digital strategy and charting the roadmap for change; secondly, updating agile methodologies to accelerate delivery; and thirdly engaging with customers.

Good governance and decision-making also require a board that is technically proficient. Digital transformation is about how an organisation uses technology to better compete. As the word "transformation" implies, long-term success frequently requires more than just allocating funds to various initiatives.

Boards play a critical role in the digital transformation journey by bringing judgment, healthy scepticism and concern for long-term value. Some boards may need their own transformation if they are going to draw on relevant experiences. Boards scrutinising plans for a push into the internet of things or artificial intelligence should know the questions to ask around cybersecurity, data security, execution risks and key performance indicators for progress.

Whether it is finding the doers, the leaders or the governors of the digital transformation, it is a hill to climb and you need a reliable compass to get there. Good luck. ●

Russell Haworth
Chair
Digital Leaders

Futureproof: role of resilience in business transformation

It's important to evaluate performance during the pandemic, but business leaders should also ensure they're prepared for what comes next, says Phil Jones, managing director of Brother UK

E very business has just been through a period when its resiliency has been tested and there are some important lessons we can all draw from that. As managing director of Brother UK, I've certainly been reflecting on what I've learnt over the past 12 months, what I got right, what I could have done differently. For instance, should we have reviewed our risk register more often? And should it have been wider and more global in scope?

In hindsight, it's easy to say "yes". But perhaps one of the lessons we can take from this experience is that we need to do more pre-mortem thinking. Because if you can figure out what might go wrong in future, and how the business should respond, you'll be better prepared for the next black swan event.

Of course, you can't talk about resiliency without talking about technology. As businesses take stock of their performance

during the coronavirus pandemic, they'll naturally assess whether their technology delivered when they needed it most. Some will look for new partners once the dust settles. But many businesses have been surprised by how well they've been able to operate remotely.

Although some firms have undoubtedly struggled over the past year, others have faced the opposite problem of how to handle sudden growth. Gaming PC companies, for example, have experienced a huge surge in interest as people look to fill their time during lockdown and spend money that might previously have gone on meals out, concerts and other activities. So their problems have been more about hiring people and sourcing parts and components to keep up with demand.

But regardless of whether they've struggled or done well during the pandemic, every business is now asking the same question: what do we need to do now?

We're all having to reorientate ourselves in this new world and help our partners adapt to it too. At Brother UK, for instance, we've had to deal with the fact that offices have been closed for much of the past year, which means print environments have largely shifted to the home. That comes with its own set of challenges. For example, sensitive documents printed at home may need new document security and destruction protocols.

While leading the business through this period of change, I've found it's important to strike the right balance between "urgent" and "important", to think systemically about how things could impact our operations. It's also essential to keep a clear head, to just pause and take a breath so you can better understand what opportunities

might arise from the changes we're currently experiencing.

If you can do that, then you can begin to prioritise what needs to be done and answer the "what do we need to do now?" question. And if you decide, "well, we've got to change the business model", then of course there will be systems issues you need to address: the hardware, software and geographical decisions that go hand in hand with the required cultural transformation.

Like many businesses, Brother UK is adopting a hybrid working model. This involves big changes to the working environment and raises lots of issues. For instance, do you need dedicated video conferencing rooms within the building? Will people want more privacy now they're used to working at home? And how do you now create an office environment that 'incentivises people to come and work there?

As a leader, if you don't give yourself the space to answer these questions, you can't properly prepare for what comes next. It takes time to assess the behavioural changes you might expect to see in your workforce and how you should respond to them. But with the right pre-mortem planning and trusted partners, you should be able to grow and thrive even when the world throws you a curveball.

> With the right pre-mortem planning and trusted partners, you should be able to grow and thrive even when the world throws you a curveball

For more information please visit www.brother.co.uk

brother
at your side

Commercial feature

Modern governance is the next frontier of digital transformation

The role of board directors has evolved significantly over the last 12 months. In this increasingly complex business environment, seamless, digital access to insights is crucial

Governance is not an area of business that has been historically associated with digital transformation. Formed predominantly of two very traditional functions, boards of directors and legal departments, it certainly has not been what companies first turn to when they embark on digitalisation programmes.

Coronavirus has been a driving force for change, however. As a major accelerator of digital transformation across organisations, the pandemic has forced board directors and legal professionals to work remotely, relying entirely on digital tools to carry out their duties.

Meanwhile, an amplified environmental, social and corporate governance

(ESG) agenda, flared up by an uprising of social injustice issues, has pushed boardrooms further, in some instances shining a light on a lack of diversity. And with everybody working from home, an evolving digital threat landscape has elevated another potentially critical issue of cyberattacks. All this has increased the pace of board activity as well as the need for the right technology to manage it.

"Through 2020 and into 2021, there has been a massive increase in workload for board members," says Brian Stafford, Chief Executive Officer at Diligent, a leading modern governance software provider. "Anytime there is a crisis, the pace of activity accelerates dramatically and, if you combine that with the increasingly important backdrop of diversity, the need for more cybersecurity tools and the major shift toward stakeholder capitalism, boards have had a huge amount to oversee."

Interactions between the board and management, and sometimes shareholders and regulators, may be the most visible part of governance, but they only account for about 10 per cent of what board members do. The other 90 per cent lives below the surface. While critical to company performance, such activities are rarely observed or addressed, which can result in governance gaps that form an incomplete picture of the business.

Filling these gaps should be a business priority. Having a more holistic view of an organisation and acknowledging the impact a company has on its shareholders, customers, suppliers, employees and communities – or stakeholder capitalism – ultimately leads to higher-performing businesses.

This calls for a more modern approach to governance to reflect the circumstances of businesses today. Modern governance is the evolution of leadership, board and operational practices to drive sustainable performance, investor confidence, stakeholder engagement and lasting impact, all powered by the right technology and insights. It is the key to the next frontier of digital transformation and to unlock it organisations need to digitalise their governance practice with a platform that combines technology, insights and processes.

"Traditional governance was something that happened four times a year in smoke-filled mahogany conference rooms, largely with a non-diverse group of individuals. That can no longer be the norm," says Stafford. "Modern governance provides more transparency, diversity and frequency of insight, communication and connectivity, providing boards and leadership

THE TIME FOR DIGITISATION IS NOW

23x
more likely to acquire customers in data-driven organisations
McKinsey

70%
of EU companies have invested in digital technologies
Europa.eu

81–95%
jump in digital adoption in Europe as a result of the COVID-19 crisis
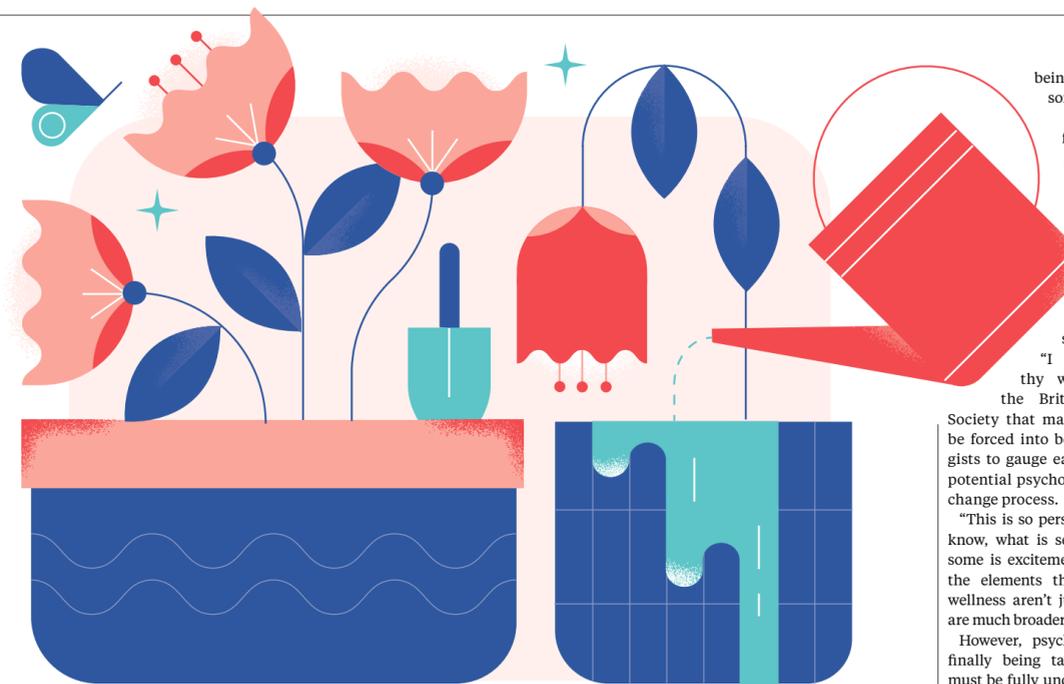McKinsey

40%
of boards predicted to have a dedicated cybersecurity committee by 2025
Gartner

32%
of board members expect to go back to 100% in-person meetings
Diligent

300%
rise in remote working compared to pre-COVID-19 levels
Forrester

> "Modern governance takes information wherever it exists, and ensures the board of directors and leadership can ask the right questions and make the right decisions at the right time

teams with more information to make the right decisions.

"As a result, management gets a more diverse set of perspectives for long-term success, including seeing crises further in advance. Modern governance takes information wherever it exists, whether that is inside or outside a company, and ensures the board of directors and leadership can ask the right questions and make the right decisions at the right time."

As a pioneer of modern governance, Diligent powers its solutions through a platform that brings together disparate tools, data, integrations and processes into one place so board leaders can effectively govern at today's fast pace of business. The platform is

comprised of three solutions: board and leadership collaboration, operational governance, and advanced governance analytics.

Through any device, board and C-suite members can access the Modern Governance Platform to connect to relevant information and insights that help them fulfil their role. This could be presentations and documents, or data and intelligence about competitors and the wider industry, all curated by Diligent's team and trusted third parties.

As the largest global network of corporate directors and executives, Diligent is relied on by more than 19,000 organisations and 700,000 leaders in over 90 countries. Its platform empowers leaders to turn governance into a competitive advantage, thereby enabling them to thrive in a complex business landscape. It also enables digital transformation to start at the very top of organisations, which is where such programmes are most likely to succeed, and then cascade down throughout the rest of the business.

"What we find with the most successful companies is digital transformation starts at the top and what better proof point to show than your C-suite leading the charge and embracing the latest technology and software," says Stafford. "Starting with a few wins and

showing how you drove digital transformation among the most senior directors is hugely valuable for the rest of the company. Having that come from executive role models is empowering.

"Governance responsibilities and processes will continue to accelerate in the years ahead, along with further pressure from regulators and activist investors and the rapidly evolving ESG landscape.

"To effectively manage the changing dynamics in an organisation, leaders need more information at a more frequent cadence. The role of the board member is not something that just happens four times a year. It is an ongoing monthly, if not weekly, role because people have to be more prepared and up to date on company and wider industry insights to be good stewards of the organisations whose boards they sit on."

For more information please visit
diligent.com

Diligent

Peter Crush

WELLBEING

Psychosocial risk: transformation barrier or opportunity?

Just when organisations thought transformation was hard enough, a new official standard requires firms to assess the impact change could have on their staff's mental wellbeing. Is this a help or a hindrance?

If ever there was a need for transformation it is now. Business models are broken, markets have melted away, many organisations stand on the brink. McKinsey has dubbed 2021: the year of transition. But it feels like a tough ask. Individuals' capacity for yet more change appears to be at an all-time low.

If things are not easy now, they could soon get even harder. Arriving this summer is a new set of guidelines bosses will have to get their heads around in the form of ISO 45003. For the first time, this new subset of previously broader health and safety measures introduces the concept of psychosocial risk.

This risk is the anticipated psychological impact that staff could face from the very way work is organised
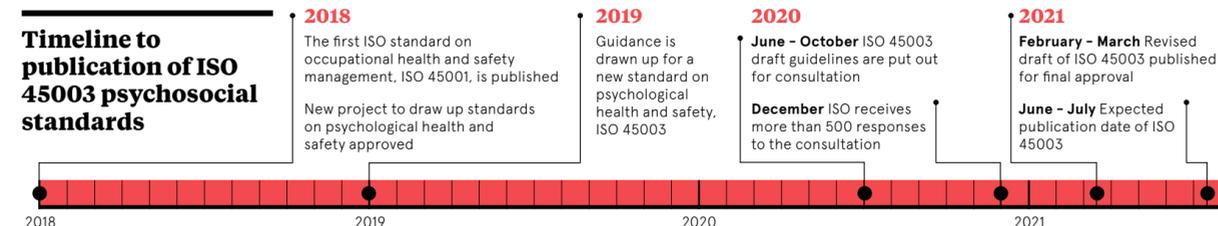
for them, from the design of people's jobs to the workloads they have or the stress it puts people under.

But given transformation involves routines being uprooted, it is leaving business leaders with concerns about whether firms can really both protect employees' psychological wellbeing and do what is needed to survive.

"The whole point of transformation is that it is deliberately about breaking from the norm," argues Carsten Linz, author of *Radical Business Model Transformation*. "This necessarily creates huge psychological strain."

Lynne Hardman, chief executive of organisational change consultancy Working Transitions, adds: "It's hard for transformation to occur without discomfort or without stretching people beyond their comfort zones. Firms can't transform without their people

being put under some sort of stress."

So is this a transformation barrier too far? "Transformation is an event, but it's also a very individual process that everyone goes through differently," says Hardman. "I do have sympathy with the view of the British Psychological Society that managers could soon be forced into becoming psychologists to gauge each and everyone's potential psychological impact of a change process.

"This is so personal too. As we all know, what is seen as pressure by some is excitement for others. Also the elements that impact mental wellness aren't just job-related, but are much broader."

However, psychological injury is finally being taken seriously and must be fully understood during the transformation process. Dr Rebecca Holt, clinical psychologist at Working Mindset, says: "Fundamentally, if people don't feel psychologically safe, transformation fails anyway. It's how businesses manage concerns and vulnerabilities about transformation that matter and, if ISO 45003 builds this into transformation, it has to be a good thing."

"Simple frameworks for having these sorts of conversations shouldn't be such a stretch for leaders," she says.

Having to assess job functions or skill changes in terms of psychological harm is a radical departure from the harder view that says those who can't cope with transformation should just be left to exit the business of their own accord and leave things to those who can.

But Emma Robertson, chief executive of Engine Transformation, which helps the likes of E.ON, Santander, P&O, eBay and Tesco with their transformations, argues that transformations should be linked, and dialled back if necessary, to employees' assessed propensity to successfully deal with it.

"The view that people should 'fit in' with change needs to be flipped around to being how the organisation can change with and around their people. Transformation goes wrong when people are told they have to change, but they're not equipped for it," she says.

"Many leaders certainly lack an ability to take their people on transformation journeys," James Herbert, chief executive of business transformation consultancy Foundry4, concedes. "Pain typically happens when

> The whole point of transformation is that it is about deliberately breaking from the norm

business aspirations don't take into account current mindsets.

"If change can be couched from a mental health point of view a bit more, there are positives to be had. What really stresses people out is a feeling of the loss of control that transformation brings.

"When you think about it, it's entirely sensible to scope out how roles might change and what allowances people should get during a transformation process."

So, are we all going to start seeing more widespread talk of psychosocial risk? Maybe not overnight, but mental health is undoubtedly on the boardroom table and here to say.

According to the British Standards Institution, any new company wanting ISO 45001 accreditation, the current standard for more general health and safety management, will now have to prove they have systems in place to mitigate psychological ill-health caused by the way they organise work.

And at one organisation, luxury retirement village provider Audley Group, group health and safety manager Ian Maxwell already has his eye on it. "In the context of occupational health and wellbeing, transitioning to ISO 45003 will be about encompassing and taking account of psychological health and mental health. I do feel it forces companies to take a new stance on wellbeing and take a more integrated approach," he says.

Like many, though, Maxwell does worry that psychosocial health is new territory in terms of organisational change. He says assessing for psychosocial risk "will require specialist or additional professional help". But what does seem clear is that if this is the first time the phrase "psychological risk" has been heard by many business leaders, it won't be the last.

"ISO 45003 will no doubt land in organisations with a rolling of the eyes, even within human resources departments," says Stuart Duff, head of development at workplace psychology consultancy Pearn Kandola. "Most legislation that supports employees' health and wellbeing receives the same response: more bureaucracy. But right now, we all need to take more time to understand the mental health of employees and how individuals manage pressure."

Herbert at Foundry4 concludes: "Managers aren't psychologists, but by the same token business transformation requires people to come on the journey too. If the standard helps bring about focus on how change impacts people, and their ability to transform with the business, it can't be a bad thing." ●

Timeline to publication of ISO 45003 psychosocial standards

2018
The first ISO standard on occupational health and safety management, ISO 45001, is published

New project to draw up standards on psychological health and safety approved

2019
Guidance is drawn up for a new standard on psychological health and safety, ISO 45003

2020
June – October ISO 45003 draft guidelines are put out for consultation

December ISO receives more than 500 responses to the consultation

2021
February – March Revised draft of ISO 45003 published for final approval

June – July Expected publication date of ISO 45003

2018   2019   2020   2021

Transforming approaches to disability

Despite advances in gender and racial equality, are enough businesses making their workplaces more inclusive for people with disabilities?

MaryLou Costa

Disability is still a "dirty word". So says disability advocate Marianne Waite, who believes many people are uncomfortable with even the idea of disability.

Waite, who suffers from several "hidden conditions" and founded her own brand inclusivity consultancy, has just completed a two-year secondment at campaign organisation The Valuable 500 to head up inclusive design at advertising agency Interbrand.

Launched in 2019, The Valuable 500's aim is to compel 500 chief executives to make three critical pledges on disability inclusion. These are to make at least one firm commitment to action, share it internally and externally, and ensure disability is on the board agenda.

With 439 chief executives' signatures, including CEOs at Interbrand, Virgin Media, EY, Unilever and WPP, it is just short of its goal, although 200 live conversations remain in play.

Japanese technology conglomerate Hitachi is the latest to join, announcing its intention to "build more accessible workplace environments" and provide "employment opportunities where each individual can fully demonstrate their own abilities in keeping with their unique circumstances".

The likes of Unilever and Virgin Media have even set targets. By 2025, Unilever aims to have people with disabilities representing 5 per cent of its workforce. As part of Virgin Media's Meaningful Connections Plan, it has a goal "to

create hundreds more employment opportunities for people from under-represented communities".

Virgin Media has also developed the #WorkWithMe pledge companies can join to receive practical advice on how to improve workplace policies, practices and culture for disabled people.

While just one of The Valuable 500's chief executives actually has a disability, Waite believes it is important for the other 438 "to work to break down that echo chamber so we all feel comfortable talking about this", moving away from "the same people talking to the same people about the same things".

"It's about getting CEOs to invest resources, time and attention to break through this barrier that has meant disabled people were constantly being left behind and off different agendas," says Waite.

One big barrier she and The Valuable 500 team identified was getting on a chief executive's radar. Not enough, she believes, are "leaning in" to disability. "For CEOs who have so many different things vying for their attention, we wanted the purpose to be simple and free," she says.

"But the steps to join demand action, which means it's been instrumental in organisations actively working to remove barriers. There's this beautiful sense of accountability people are delivering against."

The increasing adoption of remote and flexible working has provided some gratification for disability proponents.

As Jane Hatton, director at specialist disability recruiter Evenbreak, elaborates: "Disabled people have been told for decades that most roles can't be done from home and of course we now know that's not the case. We have noticed much more interest in the recruitment of disabled people in the last few months through a combination of the Black Lives Matter movement, a growing understanding of societal inequalities and the widespread move to remote working."
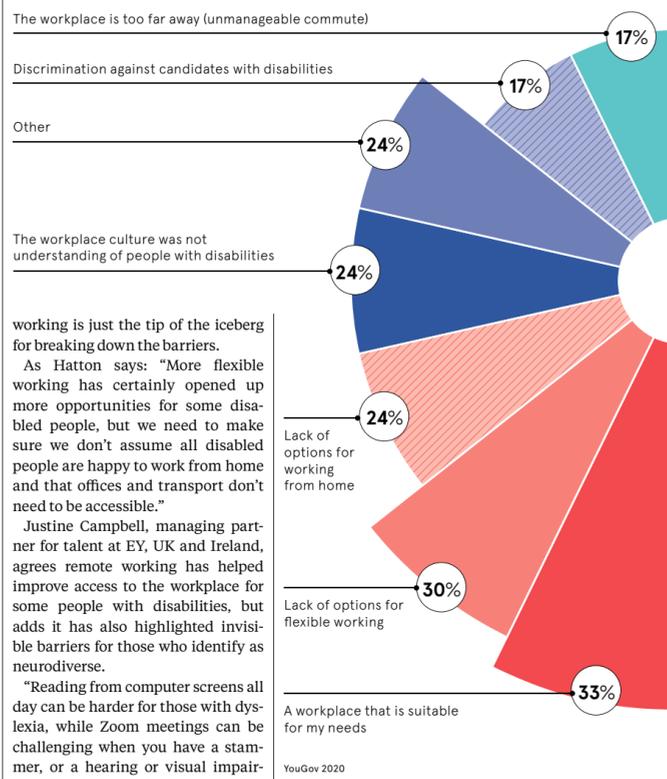
Data from Evenbreak reveals its yearly candidate numbers increased 43 per cent during 2020, with 17 per cent looking for completely remote positions. Yet remote and flexible

working is just the tip of the iceberg for breaking down the barriers.

As Hatton says: "More flexible working has certainly opened up more opportunities for some disabled people, but we need to make sure we don't assume all disabled people are happy to work from home and that offices and transport don't need to be accessible."

Justine Campbell, managing partner for talent at EY, UK and Ireland, agrees remote working has helped improve access to the workplace for some people with disabilities, but adds it has also highlighted invisible barriers for those who identify as neurodiverse.

"Reading from computer screens all day can be harder for those with dyslexia, while Zoom meetings can be challenging when you have a stammer, or a hearing or visual impairment. We have made a commitment to subtitle everything and have screen readers, but we know there's more we can do," she acknowledges.

This "positive attitude to implementing adjustment" is welcomed by Dom Hyams, head of digital strategy at agency Purple Goat, which works with brands to better represent and reach the disabled community. Yet disabled colleagues need to

be "brought into the conversation" to guide policy and decision-making, he advises.

"Company leaders shouldn't be making all the decisions for that particular community; there needs to be the dialogue," says Hyams, who has osteogenesis imperfecta, which affects his stature and mobility.

For example, EY's AbilityEY Network helps inform decision-making on issues such as workplace accessibility, policies and support for disabled employees. Virgin Media's Ultraviolet and Our Indigo Mind networks provide wider company guidance, for instance, on how to present and deliver its latest TV advert featuring a wheelchair user. Unilever, meanwhile, is using insights from a global employee survey to help refine its programmes, alongside input from its global employee resource group for people with disabilities and their allies, Enable@Unilever.

Advertising agency Ogilvy, a Valuable 500 signatory through holding group WPP, is prioritising "finding the right partnerships", such as with Evenbreak and the Brixton Finishing School, to open up more opportunities for disabled talent.

"We need partners who can give us their expertise in finding an engaging way of connecting with more emerging talent with a disability," says Ogilvy UK's chief people officer Helen Matthews. "The partnership piece is the first milestone we have to achieve for the next couple of months; get that set up, lean in, get them to lean on us and vice versa."

Recruiting more emerging disabled talent is one thing, but guiding them to the top of an organisation is often overlooked, both Purple Goat's Hyam and Interbrand's Waite point out. "Looking beyond just recruitment to progression of disabled talent within an organisation is really important to tackle," says Waite.

For Virgin Media's chief operating officer Jeff Dodds, disability as a key component of its diversity and inclusivity efforts is "critical" to the company's growth. He poses an interesting question: "One in five people in the UK are disabled, so if you're not employing disabled people, how do you know you're offering them the right services?" ●

> **"**
> It's about getting CEOs to invest resources, time and attention to break through this barrier that means disabled people get left behind

THE BARRIERS TO ENTRY FOR ADULTS WITH A DISABILITY LOOKING FOR A JOB

Adults with a disability were asked about the factors preventing them from finding or looking for a job

The workplace is too far away (unmanageable commute) — 17%

Discrimination against candidates with disabilities — 17%

Other — 24%

The workplace culture was not understanding of people with disabilities — 24%

Lack of options for working from home — 24%

Lack of options for flexible working — 30%

A workplace that is suitable for my needs — 33%

YouGov 2020

> **"**
> 'Balancing threats and opportunities in the heat of the moment requires being able to see the big picture'

Coronavirus has taught us that continued business success in a volatile, uncertain, complex and ambiguous world requires us to think and act differently about risk.

We can no longer be defensive; we need to be ready and able to grab opportunities when they arise. We can no longer consider and manage risks in isolation to one another; we need to think strategically. And we need to recognise that you can't plan for everything and must be prepared to deal with uncertainty.

Pandemics might be unpredictable, but they are recurring. Yet COVID-19 seemed to take many organisations by surprise. Or did it?

According to a survey by the Institute of Risk Management, the majority of organisations had considered pandemic risk, or something with similar consequences, before it happened. Indeed, 30 per cent had considered both the operational and financial impacts.

However, the same survey also finds that while the risk function of the organisation had considered the risk, this consideration only turned into the implementation of the recommended risk management actions in less than one third of organisations. What is going wrong?

One problem is that the human perception of risk is far from rational and most people only associate the word "risk" with the potential for bad things to happen. This, when combined with a business environment that is being increasingly dominated by internal control practices driven by regulation and an aggressive media, has been shown to lead to defensive risk management behaviours.

A consequence of such behaviours is a disproportionate emphasis on value preservation through operational reliability, relative to value creation and realisation through business process innovation. Another is it undervalues the impact of large-scale events.

The result is that such events, like pandemics that may require a complete rethink of business process and strategy, are often only included in the narrative of risk registers or risk planning. This means investment for them focuses on operational continuity as opposed to preparing the senior leadership to be able to adapt fast to realise opportunities.

It is backed up by a survey from the Business Continuity Institute, which found at least half of organisations

felt they were not adequately prepared for the pandemic.

A second problem is balancing threats and opportunities in the heat of the moment requires being able to see the big picture. Yet most organisations continue to embrace a risk management and monitoring system where risks are mostly managed within the business unit or silo in which the risk resides. For example, credit risk within finance and treasury, customer loyalty and retention within sales.

Therefore, when it comes to events such as pandemics that create different but interrelated risks spread right across the whole organisation and the environment in which it operates, business leaders find it hard to get a handle on what is happening. That then makes the necessary trade-offs between value preservation and value creation activities difficult.

However, after a shaky start, many organisations have not just survived they are positively thriving. Indeed, observing some organisational responses has put me in mind of a quote often attributed to Winston Churchill: "Success is not final; failure is not fatal: it is the courage to continue that counts."

It turns out the quote is much more likely to have originated from a copywriter for Budweiser Beer, rallying people to be resilient in the face of the Great Depression that followed the Wall Street crash of 1929. But regardless of the origin, the sentiment is the same: sometimes the situation you find yourself in will be in flux.

Knowing clearly what you want to achieve and possessing the courage to take risks, together with the skill, will and grit to manage those risks, is what will ensure you realise the reward from the risks you take, rather than suffer the losses. ●

Dr Sandra Bell
CEO
The Business Resilience Company,
on behalf of The BCI

Ali Kazal/Unsplash

CHANGE MANAGEMENT

Mapping a through route to culture change

Used with insight, stakeholder mapping can identify and deploy an organisation's most powerful staff influencers to help overcome resistance to a cultural spring clean

Virginia Matthews

Whether it's frequent rebranding exercises or compulsory signing in and out, well-meaning business initiatives dreamed up by management on a Friday all too often bomb at the coalface the following week.

Yet despite widespread acceptance that cultural mismatch is invariably a factor when business transformations fail, the damaging divisions remain.

Understanding why change may instinctively get the thumbs down requires emotional intelligence, as well as the ability to identify who in the team is an influencer or a road blocker. Stakeholder mapping could be part of the answer.

In helping launch Standard Chartered's Ministry of Common Sense, an initiative to rid the bank of stifling red tape, transformation consultant Martin Lindstrom used mapping to pinpoint his secret weapon.

"Every organisation has an immune system, a defence mechanism against change that is often linked to individual agendas, conflicting key performance indicators or unclear instructions. This creates a second, invisible layer within the business," he says.

"Stakeholder mapping sets out to understand this unseen 'iceberg' and the influence that individuals within it have on the organisation as a whole."

In the case of Standard Chartered, it showed that head of governance and control Gail Ursell, then a senior leader in the human resources team, was both a key influencer and a "doer", among the "small number of people who actually make things happen".

One of her ideas was to pretend she was a document and to "travel" around the bank to understand why the standard authorisation process took up to eight days. It was eventually cut to six hours.

"In releasing the bank from its immune system, Gail, who had been at the bank for ages and had the respect of colleagues, not only came up with the Ministry idea, but was a key element in its creation," says Lindstrom.

Following its 2016 launch, the scheme proved "a groundbreaking initiative, vacuuming one stupidity out of the bank at a time and transforming the overall culture", he adds.

Charting who a business's real movers and shakers are – and they are rarely confined to the executive floor – doesn't necessarily require high-tech solutions. Far more fundamental than the choice between software or pen and paper is empathy.

Software development company Sopra Steria, which has transferred 6,000 employees to home working during the coronavirus pandemic, is using a people-first approach to make it a permanent feature, says HR director Karen Finn.

"Stakeholder mapping is both standard practice and fundamental for any transformation project we deliver and has proven invaluable in supporting our communities and overall business continuity as we have shifted our ways of working," she says.

Transformation is as much about emotional engagement as mapping, she believes. "Gathering workforce insight shouldn't be transactional. It's vital to talk to the different communities, listen to their concerns and tailor communications, policies and working strategies around the findings," says Finn.

> ## "
> **Every organisation has an immune system, a defence mechanism against change often linked to agendas or conflicting KPIs**

"By encouraging a culture of openness and inclusivity, organisations not only open up conversations and channels to better understand employees' motivations, but can also create a willingness to go the extra mile."

Creating a visual representation of influencers and blockers can be useful in delivering or managing a routine project, but when it comes to culture change, it may not be enough, according to change management consultant Andy Brett.

"When we are looking to impact a cultural shift, what we're really talking about is influencing how all those involved go about their daily interactions, something which is beyond the control of anyone but them themselves," he says.

"While stakeholder maps can sometimes be too linear to capture the complexities involved, more useful are social network maps, which rather than tracking relationships look for points of social influence."

Brett believes this approach can identify individuals who may not fit into a standard stakeholder map, perhaps because of the nature of their job role, yet who can have a marked impact on how work gets done.

One example he gives is of a large financial services organisation that was looking to carry out a fundamental redesign of processes in a central department, a change that impacted the whole organisation.

"If a standard approach to mapping had been used, those involved would largely have been drawn from the area controlling the process, when it was apparent it was the end-users who needed to adapt," says Brett.

By agreeing the behaviour change required with this group before the alteration, "change was welcomed and adopted smoothly, rather than being imposed and then subtly resisted", he adds.

For Lindstrom, the majority of deep insights into a firm's culture come not from formal meetings, but from the "winks, hints and nudges" that will often be conveyed in after-hours conversations.

Asked by a client to solve the problem of an unpopular automation programme that had failed to deliver via a top-down approach, he began working from the bottom up, or what he calls "the back door".

"Halfway up the system we hit the frozen middle, people who were angry at being squeezed for time and resources," says Lindstrom.

One of them, who had been at the firm for 35 years and had been identified by stakeholder mapping as a key influencer, shared her frustration one evening about her section never being consulted when change was proposed.

"We made her our chief of change and suddenly the immune system broke down," says Lindstrom. "Her colleagues decided that if this individual was on board, there were good reasons to back the automation and, after just 36 days, the mission was completed." ●

fizkes/Shutterstock

Achieving cultural alignment during transformation

UK insurance broker Aston Lark has completed close to 30 acquisitions over the past four years, including the 2018 merger of Aston Scott and Lark Group.

"While we didn't think of it as stakeholder mapping, our determination to achieve cultural alignment among our new workforce of 550 people involved just that and it was transformational," says chief executive Peter Blanc.

Workshops were held in both firms to discover what staff believed were the most important values of their organisation and to describe them using a series of keywords.

Subsequently, influencers from both organisations, identified via mapping, were invited to meet and share the results.

"As a result of the sharing of outputs, we discovered that one key theme emerged as the most commonly used term in all the workshop activity," says Blanc.

"Care, for our employees, our clients and our insurer partners, came across loud and clear as the most important aspect of what each company stood for and this revelation was a pivotal moment for us."

By ensuring that everyone "felt on the same page" in terms of beliefs and values, any inbuilt resistance to change was minimised, he says.

"To ensure the alignment on values translated itself into effective implementation, we employed a dedicated, high-level project manager to map each element of the merger transformation project and, crucially, every part of it linked back in some way to the concept of care," says Blanc.

"As all key employees had themselves come up with the word, it was very difficult for anyone to object and we later introduced a new awards scheme to help 'live' out the care theme."

Weekly Merger Star and monthly Merger Superstar awards helped "reinforce our efforts to make everyone in the organisation feel as though they were part of something special", he adds.

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