EY

Building a better
working world

Silo-busting your way to better

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Your customer's user experience can be the start of a dialogue, or the beginning of the end.

In a new world order where the main experience you offer might be a digital one, your customers need a user-centric approach. But organizational silos must come down, and culture must change, if you're going to cultivate a truly innovative environment where human-centred design flourishes. Settling for anything less puts you at risk of becoming obsolete.

Getting there takes a shift in mindset, and a relentless organizational commitment to managing that change. You can't achieve one without the other. Where do you begin?

We've identified three fundamental steps to help you dismantle internal silos, change the game on innovation and drive better customer solutions that are fit for purpose in a market likes ours:

Dive

INTO THE THREATS THAT ORGANIZATIONAL SILOS POSE AND THE CASE FOR PUTTING USER EXPERIENCE FIRST.
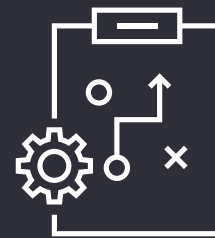
Create

DELIBERATE, STEP-BY-STEP PLANS TO SHAKE THINGS UP. THAT MEANS A PLAN THAT YOUR PEOPLE CAN GET BEHIND AND BELIEVE IN.

Commit

TO RIGOROUSLY MANAGING THAT CHANGE IN WAYS THAT MAKE IT REAL EVERY SINGLE DAY.

Change.
Because, if it ain't broke now, it might be soon.

Design-led companies perform better. A lot better, in fact. The 2015 *Design Value Index*[1] showed design-driven companies consistently outperformed the S&P by more than 200% from 2004 to 2014.

Every MBA student knows the classic examples of one-time innovators who lost their foothold in a world of change. Think Kodak, which invented the first digital camera in 1975, but failed to take it to market over fears of competing with film. Think Nokia, which built the first cellular network but ultimately failed by refusing to drive change in user experience when the market became more about software than hardware. Think Blockbuster, which survived the shift from VHS to DVD, only to devolve in the face of first delivery, then streaming.

What we're seeing today isn't about old-school thinking paling in comparison to new-school expectations. Actual digital natives – born specifically to disrupt the market differently in the Transformative Age – are struggling and pivoting accordingly.

One Toronto-based skip-the-line meal pick-up app (which has raised millions and expanded to seven countries since 2014) laid off half of its employees in April 2020. Four weeks later, one of the world's travel giants shed thousands of team members. Both are examples of organizations with strong culture. They're adapting to be able to adjust course faster in a world that's transforming at an unprecedented rate. Their culture will fuel resiliency and buoy innovation so they can seize opportunities not in spite of this global crisis, but because of it.

Can innovative internal cultures bolster a company's defences against obsolescence in a market transformed? Short answer: yes. Enter the impetus for looking inward to identify silos and take them down in short order.

Digital transformation feels slow but goes fast

Successful digital transformation doesn't happen in one fell swoop. It's the cumulative impact of step-by-step progress; each progressive step builds momentum to fuel your forward-motion.

1 — **Foundation first** — COMMIT TO OWNING THE STRATEGY AT THE TOP OF THE HOUSE

2 — **Siloed progress** — EMPOWER CHANGE LEADERS WITH A CLEAR MANDATE

3 — **Partial synchronicity** — CHOOSE THE RIGHT STRATEGY TO DELIVER CHANGE

4 — **Full synchronicity** — MAKE DIGITAL A HORIZONTAL FUNCTION

5 — **Digital DNA** — ENCOURAGE CONSTANT INNOVATION THROUGH CULTURE

DOING DIGITAL ← DIGITAL TRANSFORMATION CONTINUUM → BEING DIGITAL

[1] https://www.dmi.org/page/DesignValue/The-Value-of-Design-.htm

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STEP 1

Dive inward to understand where your culture falls short

What parts of your culture are holding you back from innovating now? Are teams open to working together? Are leaders walking the talk on collaborating across functional areas? Are you putting value – monetary or otherwise – on early attempts at success? And above all: are you protecting against failure by incorporating learnings into the next iteration?

We know companies that struggle with poor alignment and cultural support don't perform as highly as well-aligned companies. By the numbers, organizations that align culture and innovation strategies have 30% higher enterprise value growth and 17% higher profit growth than companies with weaker alignment[2]. Innovation, culture and bottom line go hand in hand.

Competition and protectionism are learned behaviours. They create a context for discord that makes it harder to innovate. That's why unpacking past baggage and finding real understanding is critical. At the employee level or within the C-suite, getting people on the same page and creating initial alignment sets the course for your entire project and whatever you're designing. Failing to connect the dots can mean failing to deliver relevant solutions.

We see that tension in our everyday work. Case in point: the board of directors of a not-for-profit came into our Studio ready to build new solutions, but were unprepared to agree on what we're solving. It's the classic fault line between marketing and IT, with a client who agrees they need to transform their digital experience for customers but gets hung up on who owns which part of the project. It's all of this, and more.

Functions can't be fiefdoms. Tackling that is the first step of every engagement we embark on. Workshops. Accelerators. Conversations. Everything we do in the discovery phase is about helping the folks in the room understand who's on first, what's on second, and where we're going together. You need the right foundations in place before you begin if you're going to arrive at a design solution that makes sense for your user. It's got to feel connected and work seamlessly across any experience (from a mortgage calculator to a loan application and beyond). And you need similar alignment within your organizational culture to get there.

5 QUESTIONS TO ASK WHILE ASSESSING CULTURE TO ADDRESS INNOVATION

▸ What's our internal funding model?

▸ Are budgets allocated to individual groups, practices or functions, or to projects across groups?

▸ Is innovation "owned" by an individual or team – or is it baked into every job description?

▸ Are we as invested in tools to help our own people innovate as we are in client- or customer-facing solutions?

▸ What's our tolerance for failure?

STEP 2

Don't develop a good plan for change. Create a great plan.

How do you build a plan that can change your organizational culture? Do you focus on titles, roles, responsibilities, projects? How do you shift from driving innovation at the macro level to living innovation at the micro level?

Innovation is the band that's an overnight success 10 years in the making. And innovation-driven tech workplaces do certain things very, very well. Some 70% embrace a fail-fast culture, where it's okay to fail early while pursuing innovation[3]. More than half of true innovation-driven tech workplaces say leaders protect employees from adverse career consequences if a project or initiative doesn't come through. They also reward innovative behaviours and foster both collaboration and risk taking. And, winner, winner: 96% of them say their vision and culture strongly emphasize improving customer experience and outcomes.

In our Studio, we know agile methodologies help corporations achieve better sooner. Forty-eight percent of companies that employ them achieve results faster, and 46% peg those methodologies for enabling improved customer experiences. Even more importantly, 54% say they're bringing disparate expertise together quickly to speed up time to innovate. None of that's possible without the right baseline culture firmly in place.

Building a plan to cultivate a more innovative culture means protecting the experiments. Allowing for failure. Celebrating learning. We foster that environment in our Studio every time we welcome a client.

One Canadian financial institution we recently worked with was set on reimagining the way they communicated with clients around value. They were delivering a broad range of benefits that went far beyond the actual account balance statement, but that wasn't getting through. We created internal alignment among stakeholders, dove deep to understand the way customers were experiencing the relationship and started to create a wireframe for change.

Our greatest accomplishment? We moved them away from making a given solution work within their current constraints, opening up a conversation around what might be possible. Shifting that perspective stimulated innovation because of cross-functional ownership and alignment – everyone was brought into the tent and understood the why of what we were all doing. When we stopped focusing on what to do, and started thinking freely, openly and – this is key – without consequence about what the infinite possibilities could be, the very culture of the team began to evolve. Because, if the user wasn't at the heart of the solution before, they'd better be now.

5 QUESTIONS TO ASK AS YOU CREATE A PLAN FOR CHANGE

▸ Are we bringing diverse perspectives to the table at the estimation stage so this plan will be effective at the execution phase?

▸ Is customer experience owned across multiple channels, or in bits and pieces?

▸ How are we delivering a consistent brand experience through all channels?

▸ Do we have the right people in the right seats to bring teams and functions together?

▸ Are we collaborating based on how our solutions go to market, or too focused on internal structures and divisions?

3 https://www.mercer.com/content/dam/mercer/attachments/private/gl-2019-building-an-innovation-driven-tech-workplace-mercer.pdf

STEP 3

Commit to relentlessly managing the change

Where does ideation meet execution? How do you bring people on board to try a different way? What's the secret to ensuring the change you've planned is the change you bring to life?

The adage about culture eating strategy for breakfast may be old, but it's still true. Keeping talented teammates engaged with a clearly defined purpose has a bottom-line impact, and it ties right into the culture you create. Business units that hit the top quartiles for employee engagement are 22% more profitable when compared to laggards at the other end of the spectrum[4].

Even so, not all purposes are created equal. Our research shows a significant new group of leaders define purpose as something greater: a human-centred, socially engaged concept that creates value for a broad set of stakeholders. We call this capital-p Purpose[5]. More than 50% of companies are shifting towards this kind of definition. They're smart to do so. Sixty-eight percent of companies called purpose the most critical factor in their ability to innovate in times of disruption[6].

The thing is, creating culture and bringing that purpose to life in a way that drives employee engagement (and innovation as a by-product) isn't an event, it's a process. It means managing change effectively. Particularly if you're now trying to transform during the largest forced remote working experiment in history.

Maintaining culture in any environment requires active engagement at all levels of the organization. Doing it effectively and in a distributed fashion is an entirely different ball game. Achieving great results now relies even more heavily on our ability to eliminate the barriers that create friction.

We don't need more ways to come together, collaborate and crosspollinate ideas while working apart. We need better ways. That ups the need for tools that bring focus and efficacy to every interaction, then get out of the way. Silos obscure uniform, cross-channel experiences that can otherwise help us innovate.

We see it time and time again in our studio. Even the best plans for change fall flat if they're not actively managed. Consider the organization that wants to change culture but stops short of investing in better tools for colleagues to do their jobs simply because it's internal, not customer facing. That's a short-sighted view; it's fundamentally disconnected from the way teams generate value. Our people are our greatest asset. The way we bring them on board to drive change counts. If we fail to recognize that through our change management plan, we simply cannot win the long game.

The right leadership links creating change with managing change. The right organizational structure enables collaboration. The right communication and tools keep it going. Then what? Just like the solutions and plans you develop for customers, continuous evaluation and tweaking based on the way your employees are experiencing change makes it work for the long haul.

5 QUESTIONS TO ASK AS YOU MARSHAL INTERNAL CHANGE

▸ What are our short-, mid- and long-term milestones for measuring change?

▸ How will we communicate clearly and make our people part of the process?

▸ What new tools do we need to invest in now for this to work?

▸ What's our approach to continuously changing over the long term?

▸ Which potential changes have been flagged before, and why weren't they implemented the first time around?

[4] https://www.ey.com/Publication/vwLUAssets/Łańcuch_wartości_talentów/$File/EY_In%20an%20era%20of%20disruption%20is%20your%20talent%20value%20chain%20a%20weak%20link.pdf

[5] https://www.ey.com/en_ca/purpose/how-can-purpose-reveal-a-path-through-disruption

[6] https://www.ey.com/Publication/vwLUAssets/ey-the-business-case-for-purpose/$FILE/ey-the-business-case-for-purpose.pdf

Simple is a word you use to describe other people's jobs.

Seamless structures free from silos enable us to work right across lines of business. That's how we foster real innovation and better solutions. The chance to not just keep up in a market that's redefining itself by the minute, but to set the pace. That starts with creating a culture built on collaboration and focused on innovating together − not apart.

We know it's good for your bottom line. But perhaps now, the social imperative is even greater. People need the solution your team is about to design. What's stopping you from taking down any obstacles that get in the way?

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