

CHANGE MATTERS

BIG REWARDS

Research clearly shows that transformation brings bottom-line rewards

BOZOMA SAINT JOHN

"Brands must get political" the Netflix CMO says

IT IS TIME TO TALK

ACA's Mathe Okaba calls marketing leaders to dialogue

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"Change is hardly ever comfortable. Even when inevitable, we insist on holding onto models and ways we are familiar with. But we've gone past the luxury of holding onto the known."
-Herman Manson,
MarkLives.com editor
@MarkLives

A special report on change produced by MarkLives with HumanInsight.

Sponsored by the Association for Communication and Advertising.

This survey looks at how transformation is accelerating, and the key drivers of change that include race and gender, which have come to the fore during this time of social justice. With research showing that purposeful change delivers significantly better outcomes, the time to change is now.

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Covid-19 has accelerated change and the defining message is that everyone must get on board. Globally, business leaders now accept that transformation is a democratising project driven by people and processes to better the world for all. [1]

An act of hope and self-preservation in the face of overwhelming odds, transformation is now being understood as humanity's opportunity for purposeful progress. In a world where the very sector one works in is threatened, disrupting the self is transformation. There's only one sane response to the invitation to change, and that is to embrace it.

Research offered by MIT Sloan Management Review and Deloitte shows transformation brings better resilience and competitive advantage. Digitally mature companies simply do better. Take a look at the findings: [3] >>

REWARDS OF DIGITAL MATURITY

1. **Digitally maturing companies innovate at far higher rates than less mature organisations** by breaking down silos and organising cross-functional teams as well as embracing digital ecosystems.

2. **Employees of digitally maturing organisations have more latitude to innovate in their jobs.** Employees are provided with sufficient resources to innovate, and have confidence that their organisation will become stronger due to digital transformation.

3. **Digitally maturing companies are more likely than less mature organisations to collaborate with external partners.** While formal partnerships may serve a role, they rely more on less formal, controlled relationships that rely on relational governance.

4. **Not only are digitally maturing organisations more likely to use cross-functional teams, those teams generally function differently in more mature organisations than in less mature organisations.** Employees are given more autonomy, and members are more likely to report that their cross-functional work is supported by senior management, with a shift of focus from projects to products in more advanced companies.

5. **Digitally maturing companies are more agile and innovative but require greater governance.** In spite of ethics policy guidelines, most respondents feel that their organisations need to better address the social and ethical implications of digital transformation.

6. **Respondents from digitally maturing and early-stage companies differ in their outlook.** While employees at digitally maturing organisations believe they will adapt to disruption, those at early-stage organisations feel less optimistic and less in control.

SOURCE: Deloitte Insights: Accelerating digital innovation inside and out by MIT Sloan Management Review and Deloitte

NO MORE FENCE-SITTING

Heavyweight chief marketing officers (CMOs) are now leading the charge for change: "Brands must get political because, right now, there is no safe space for us to sit and idly watch. If you're on the sidelines, then you're part of the problem," says Bozoma Saint John, Netflix global CMO. She believes transformation isn't optional. [4]

"It is actually unfair to our human race to continue to tell stories from one perspective. We must diversify," says Saint John, who's had transformational roles at Endeavor, Apple, and PepsiCo. She was also brought in to repair Uber's reputation after a series of humiliating gender crises.

Banishing systemic racism is one of the multiple critical shifts that business must drive. Gender is another. The World Economic Forum (WEF) reports that one of the big challenges is closing the gap in emerging roles that will play a key role in the fourth industrial revolution (4IR). The WEF reports that, in "cloud computing, just 12% of professionals are women. Similarly, in engineering and Data and AI, the numbers are 15% and 26% respectively." [5]

What this report doesn't show is that women suffer most in terms of unemployment and hourly wages, too, despite the huge contribution they make to the South African economy. "We should take a step back and ask ourselves why there is a gender pay gap. It reflects a continuing devaluation of labour by women, that starts with the unpaid labour that women perform in the home," says Prof Christi van der Westhuizen, Nelson Mandela University Centre for the Advancement of Non-Racialism and Democracy (CANRAD) associate professor. [6] >>

WOMEN STILL UNDERVALUED

Van der Westhuizen says, for most women, a second shift of caring for children, men and the elderly kicks in when female workers arrive home at a day's end. "We have seen this exposed again with the covid-19 pandemic, as women are shown to be the ones carrying this double burden under lockdown."

What's clear is that the novel coronavirus pandemic has pulled back a veil that's revealed systemic injustices but, at the same time, has delivered a golden opportunity for driving greater diversity. In a rallying call for more female leadership in The New York Times, Phumzile Mlambo-Ngcuka, UN under-secretary-general and UN Women executive director and the first woman to have held the position of deputy president of South Africa, calls for enforceable decision-making, so that gender transformation is enshrined in law. [7]

In the The New York Times piece headlined *Key to an inclusive recovery? Put women in decision-making roles*, Mlambo-Ngcuka calls for an end to male dominance: "We actually need to engage men. And as much as we do not have enough men who stand up for women's rights, we have seen a critical mass of men who are willing to use their power and authority to make decisions that promote gender equality," she states, adding, "This is the time for them now to do everything they can to bring about change.

"Even capitalists are having a mea culpa moment. In August 2019, 200 of the world's top corporate leaders assembled to declare the era of the shareholder dead. After their meeting, the cohort rejected Milton Friedman's philosophy that businesses exist purely to make a profit. [8] >>



REIMAGINE CAPITALISM

Breaking “decades of long-held corporate orthodoxy”, the delegates declared that “the purpose of a corporation” now included investing in employees and protecting the environment, as well as dealing fairly and ethically with suppliers. Capitalism itself is reforming but not without a struggle, given the huge vested interests.

Back home, how does the marketing industry define what’s going down? Mathe Okaba, Association for Communication and Advertising South Africa (ACA) CEO, speaks about the huge job that the local industry has yet to do, at a time when the South African economy is largely denuded.

“Research shows that transformed businesses are more resilient, creative and fare much better than untransformed companies or sectors. This begs the question: why, after all these years, is the industry so untransformed?” she asks.

“It is a latent fear that nobody wants to recognise or to talk about,” says the industry head who has been calling business leaders to the table to talk about covid-19 and the future of the sector. “We need to talk, all of us.” She believes the future will be negotiated. >>

A LACK OF WILL

Musa Kalenga, The Brave Group chief future officer, says the real problem is that there's not enough political will to change. "I think a lot of people have just tried to find hacks and, because of this, there have been a lot of dubious practices in setting up trusts and fictitious structures that effectively masquerade as BEE [black economic empowerment]. These have never been really critically investigated or taken to task," he says, adding, "I think the bad behaviour has proliferated over a long time and I think people still don't necessarily see the value of transformation."

The former Facebook Africa client partner and Nedbank group head of digital marketing points out that the MAC sector still underperforms. This is confirmed by a recent B-BBEE Commission survey called *2020 National Status and Trends on Broad-Based Black Economic Empowerment*. This report reveals aspects of transformation, such as the diversity of ownership, management representation, skills development, supplier development, and socio-economic development ,still need much work. [9]

Under pressure to diversify, the sector also faces a revenue attack from the big consultants. Financial Times points out that Accenture is spearheading the consultancy-versus-marketing turf war that's seeing professional services firms eat into budgets previously 'owned' by marketing agencies. [10]

Big global consultancies often define transformation in customer experience terms, because this brings revenue. No surprise, then, that in a report titled *Digital Transformation*, Accenture Interactive says this: "Digital is re-imagining the human experience. It is remaking how people live, work, play and connect. Everything is being rethought, simplified and improved — even things people have taken for granted throughout their lives." Here the appeal is to transform customer experience (CX) as a revenue booster. >>

TRANSFORMATION IS A VERB

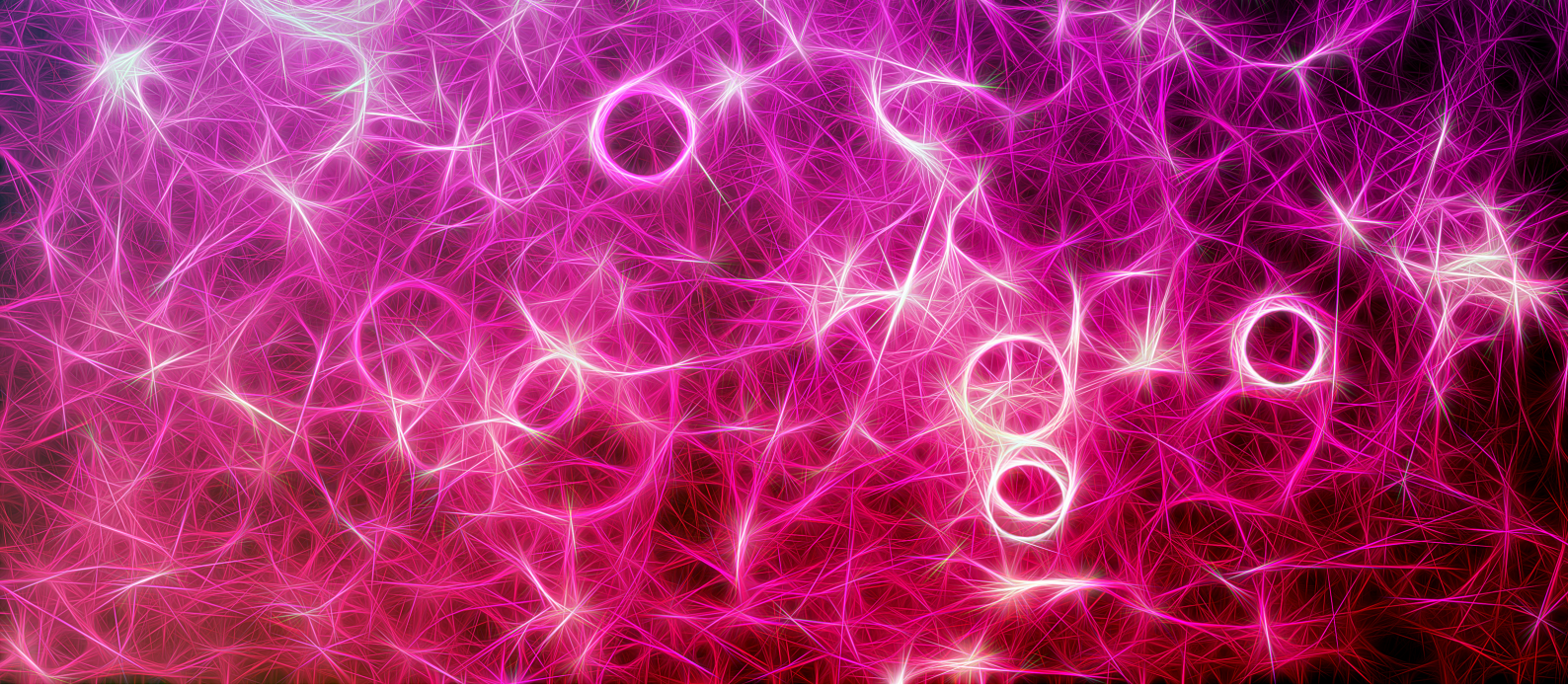
In a study of transformation, PricewaterhouseCoopers (PwC) showed that the most successful, top 5% of transformers focus strongly on collaboration and are action-oriented. "Transcenders don't just talk big, they act. 84% [of them] mandate — not just encourage — collaboration and cross-functional work," PwC's research reads. [11]

But, if you're a huge agency or a big brand, how do you take up the challenge of transforming by becoming more collaborative? Jeanne W Ross, Cynthia M Beath and Martin Mocker, the authors of *Designed for Digital — How to Architect Your Business for Sustained Success*, believe Spotify has the answer. The Swedish-born streaming music company cleverly organises its teams into squads. [12]

The idea is to destroy obstacles to getting work done, to kill friction and to facilitate speed. Spotify empowers and supports problem-solvers to achieve this, and gives squads huge autonomy.

Mike Perk, the CEO of WWC who transformed his advertising agency into a digital transformation consultancy, says the MIT Sloan research shows that leaders of digitally mature organisations have a greater awareness of both themselves and their team, which they use to create a positive and resonating vision of the future.

"These digitally fit leaders confidently communicate in both words and action, and drive innovation by creating learning organisations that enable better digital decision making. These decisions are based on values. They always have a true 'North Star'." [13] >>



#FUTUREFIT LEADERSHIP

Perk adds, “I call these leaders ‘future-fit’ because they have all the attributes that enable them to build organisations that can realise the full potential of the growth that transformation brings with it.”

“When you look at it, transformation is a radical act of converting hierarchies into democracies. Ultimately, if transformation is about anything, it is about this hopeful return to meaning where everyone has a place and a purpose. Transformation is about bringing better outcomes through diversity and inclusion. It is changing the world for the better, for the greater good, which also is better for business. It is more sustainable,” he says.

“What we’re discovering is that human attitudes and imagination are our greatest assets when it comes to transformation, which is not about technology. Change is human, which is why transformation is about hopeful reinvention. Ultimately, our greatest transformations are when we wrestle hope from despair, change inequalities and move into a future with better, more sustainable and inclusive outcomes,” says Perk, who encourages leaders and organisations to become more #futurefit by embracing the practices described below: >>

#FUTUREFIT PRACTICES

1. #FutureFit leaders and organisations - let's call them transformers - create a clear 'picture of potential' that lights the way for the entire organisation during times of change.

2. Transformers lead with optimism and unwavering core values that their people are fully aligned with. These leaders truly understand the importance of internal communication and realise that this is just as important as external marketing communication.

3. Transformers walk the talk; they are the 'heavy chefs' for whom change is not just rhetoric but backed by action and resources. These leaders challenge hierarchies, embrace nimble squads, and they change legacy structures to encourage innovation.

4. Transformers embrace — but don't celebrate — failure. Instead, failure is used to support innovation. And change agents are always learning. They build a learning culture at the 'heart' of their business by increasing humility (personal growth) and love (the growth of others).

5. Transformers understand that it's not always about 'collaboration' but that 'trust' is the base from which successful teams, excellence, and remarkable performance are built.

6. Finally, values, rather than trends, drive the technology decisions these leaders make.

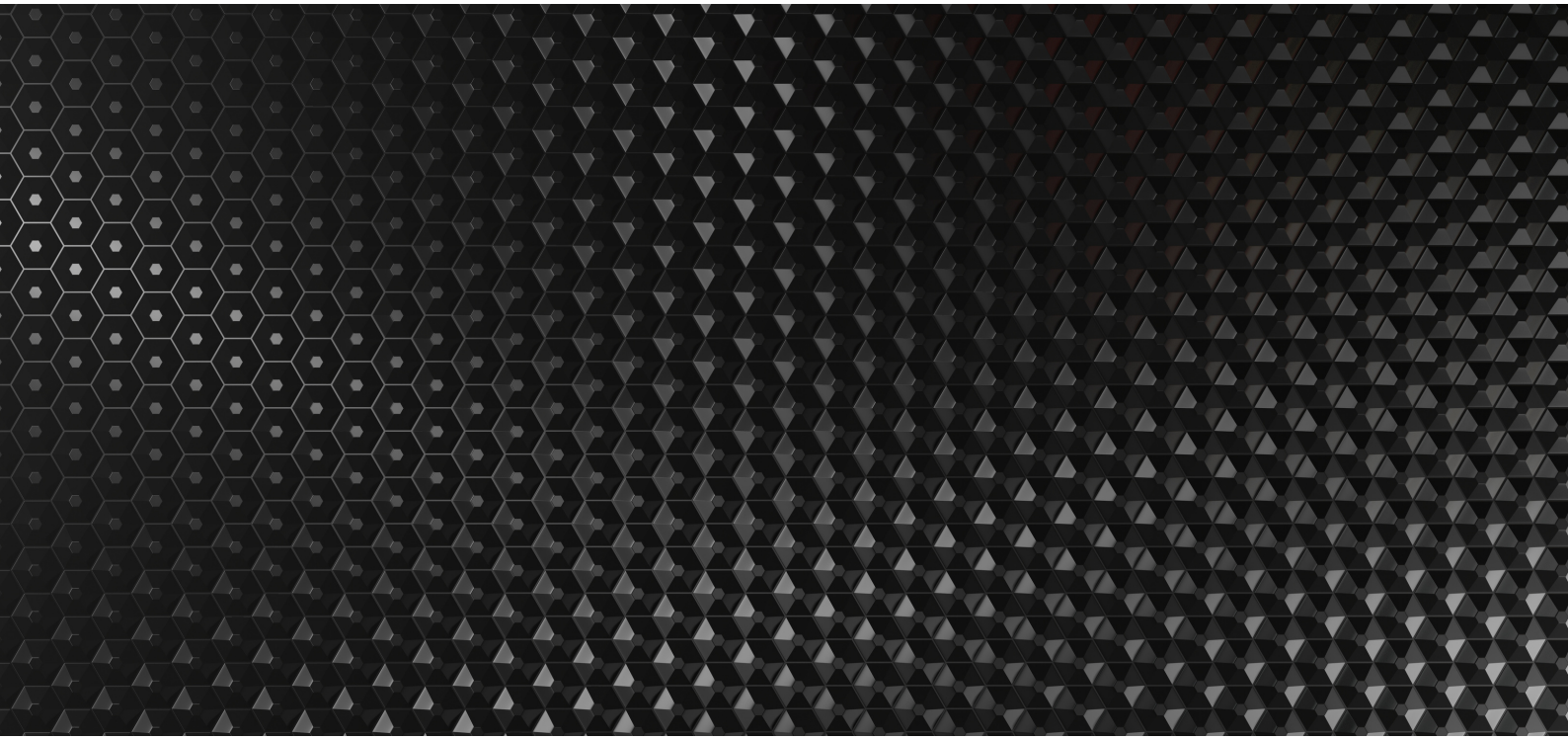
SOURCE: Mike Perk and Charles Mathews

THE ONLY CONSTANT IS CHANGE

Calls for change are only intensifying as civic movements seize on the truism that, if industry can transform for covid-19, why not for social justice? Or climate change, or to save the world?

Mlambo-Ngcuka says covid-19 must be used to drive forward momentum. "Frankly, we need to use the crisis to make decisions that can be enforced, that can be enshrined in laws and in policies, that can be implemented. And we need to provide both carrots and sticks for people who are responsible for overseeing those decisions to do the work," she states. [14]

The world is changing in ways we've yet to comprehend. Everything is going to transform. Change has become the only constant. In this type of environment, the only answer is to become adaptable enough to process change to your benefit — to become future-fit. [#TRANSFORMERSTRANSFORM2020]



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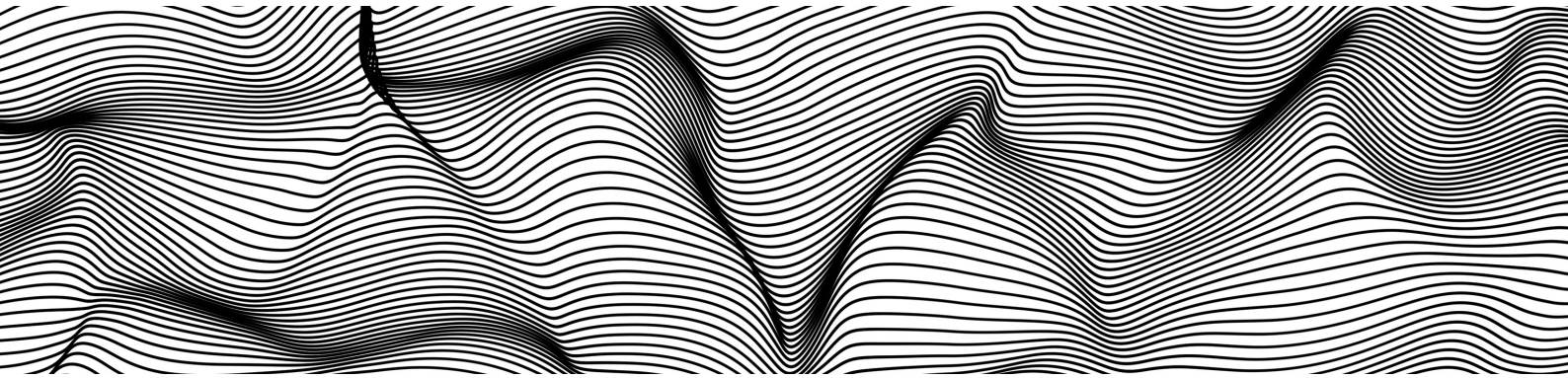
From June until September 2020, MarkLives and HumanInsight produced a "Transformers Transform 2020" special series that was sponsored by the Association for Communication and Advertising.

The objective of this independently managed, journalism-driven research project was to explore and map new paths for brands and marketers to transform, adapt and build resilience while the world adapts to covid-19 and its resultant social, political and economic toll. The archive of stories is available here.

The video interviews on transformation can be viewed on YouTube and Facebook.



TRANSFORMERS TRANSFORM RESEARCH



RESEARCH USED IN THIS REPORT:

1. **The MIT Press:** The Technology Fallacy: How People Are the Real Key to Digital Transformation
2. **The Correspondent:** The neoliberal era is ending. What comes next?
3. **Deloitte Insights:** Accelerating digital innovation inside and out by MIT Sloan Management Review and Deloitte
4. **C2 Montréal | Commerce + Creativity:** The vulnerable badass: Bozoma Saint John on the new era of marketing
5. **World Economic Forum:** The Global Gender Gap Report 2020
6. **PwC:** Executive directors: practices and remuneration trends report 2020 [pdf]
7. **The New York Times:** Key to an inclusive recovery? Put women in decision-making roles
8. **The New York Times:** Shareholder value is no longer everything, top C.E.O.s say
9. **B-BBEE Commission:** 2020 National Status and Trends on Broad-Based Black Economic Empowerment [pdf available on MarkLives]
10. **Financial Times:** Accenture spearheads consultancy v advertising turf war [paywall]
11. **PwC:** 2020 Global Digital IQ
12. **The MIT Press:** Designed for Digital – How to Architect Your Business for Sustained Success
13. **Accenture Interactive:** Digital Transformation – Re-imagine from the outside-in [pdf]
14. The New York Times: Key to an inclusive recovery? Put women in decision-making roles
15. **Financial Times -** The Future of Marketing, a special report

TRANSFORMERS TRANSFORM FRAMEWORKS



- Accenture Strategy: Digital factory: Cracking the code to success
- Capgemini Consulting: Digital Transformation: A roadmap for billion-dollar organizations by Capgemini Consulting and MIT Sloan School of Management [pdf]
- Cognizant: A Framework for Digital Business Transformation [pdf]
- Deloitte Insights: Architecting an operating model – A platform for accelerating digital transformation [pdf]
- ITnation: Gartner: 8 critical components of a digital workplace
- McKinsey: From disrupted to disruptor: Reinventing your business by transforming the core
- Microsoft: Digital transformation: Seven steps to success [pdf]
- MIT Sloan School of Management: 5 building blocks of digital transformation

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