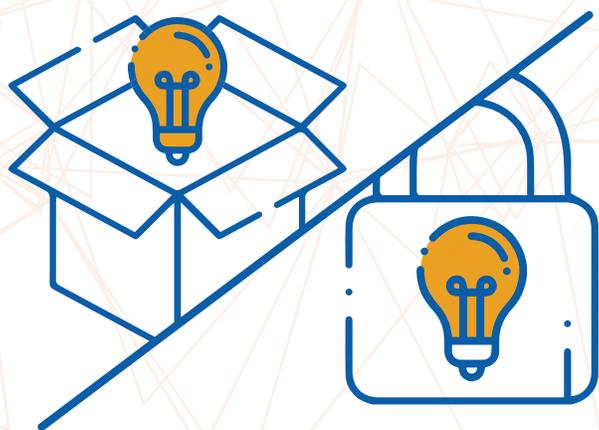
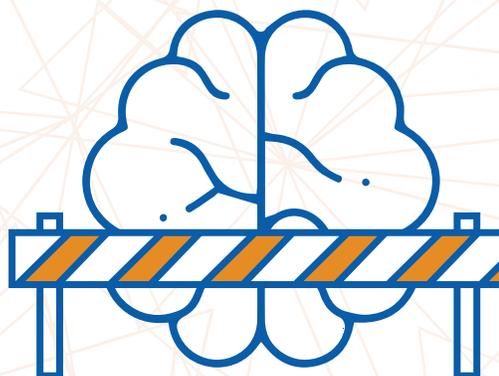




Adopting a Digital Transformation Mindset

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One of the most common, but underappreciated challenges with digital transformations are pervasive mental barriers. If these barriers are not addressed, the mindset issues can lead to a transformation journey that is not only, challenging but also, unsuccessful.



At the root of this mindset challenge is the true difficulty in **Thinking Differently**. No one simply says, “I have trouble thinking outside the box” or “I have a fixed mindset,”; however, these mindset challenges manifest themselves in many different ways, ultimately leading to very slow or failed execution.

Perhaps there are legal or information security roadblocks that keep coming up or operations executives that always seem to move more slowly than organizations would like. It is easy to say this just requires better or more focused leadership. While that may be the case, at least in part, the true causes are frequently found in the mindset of employees at all levels. This paper will address two of those: the *Shrink to Grow Paradox* and *Trying Not to Get Fired Decision Making*.

The Shrink To Grow Paradox



Most executives understand that reducing positions that may have been essential at some point, but now add limited value can create growth and ultimately more or better jobs.

Consider Netflix, with \$2.6 million in annual revenue per employee, or Ant Financial with approximately 10,000 employees serving over a billion customers.

NETFLIX



蚂蚁金服
ANT FINANCIAL

**ANNUAL REVENUE
PER EMPLOYEE**

\$ 2.6 MILLION

**NO. OF EMPLOYEES SERVING
OVER A BILLION CUSTOMERS**

10,000 EMPLOYEES

These are perhaps extreme examples, but there are many more examples of companies that have grown in revenue, employee headcount, and overall value by focusing on changing positions that do not generate enough value. However, anything that even sounds like reducing positions runs headfirst into the legacy culture at most companies. Well-run companies strive to build a great culture and be supportive of their employees. This means taking care of people which aligns nicely with human instinct but not necessarily digital transformations.



Trying Not To Get Fired Decision Making

“Let’s remember to focus on the primary goal of not getting fired.”

This was said by a department lead during a discussion on one of the company’s top five initiatives for the year. One does not have to wonder about the pace of change at that company. Some would say the leader should manage, but it is rarely that simple.

It is also extremely hard to prove in a wrongful termination case that the employee was fired for having a trying not to fail mindset rather than because he or she was in a certain protected class. It can take months or years to make the necessary changes, and that is only for companies that happen to identify the problem.



Addressing the Shrink to Grow Paradox



Leaders need to explain the Shrink to Grow paradox and associated strategy to everyone. Whether the concerns have been vocalized or not, they exist and the people know it. The first step is moving the discussion into the light. Revenue (or other metrics) per employee must become an explicit goal. Managers must think about changing positions that are below the average.

Changing, however, is not a euphemism for cutting, but rather part of a strategy of demonstrating actions consistent with the company's values, market and profit objectives. This must happen at a measured pace because only so many positions can be absorbed and only so much change can be accepted. The goal of leadership should be for most people to think that nothing has changed, but in two or three years, everything is different.



Once this mindset shift is explicitly discussed and adopted, it becomes relatively straightforward for most organizations to implement within their existing culture and norms. For senior leadership, it is imperative that making continuous progress towards changing staffing in positions that generate lower than average value is a top of mind issue and reported on regularly. The biggest barrier will be that this kind of change distracts from critical day-to-day operations. The organization must work to create management slack for these kinds of initiatives (more on this later).

Addressing Trying Not to Get Fired Decision Making

Again, the first step is explicitly bringing the topic into the light. Change requires discussions about why the mindset exists. It also requires internal stakeholders to take a holistic view. For example, there will be one-time \$10,000 mistakes, which sounds bad unless one considers the organization is saving \$50,000 per month. This is not how most people think about mistakes.



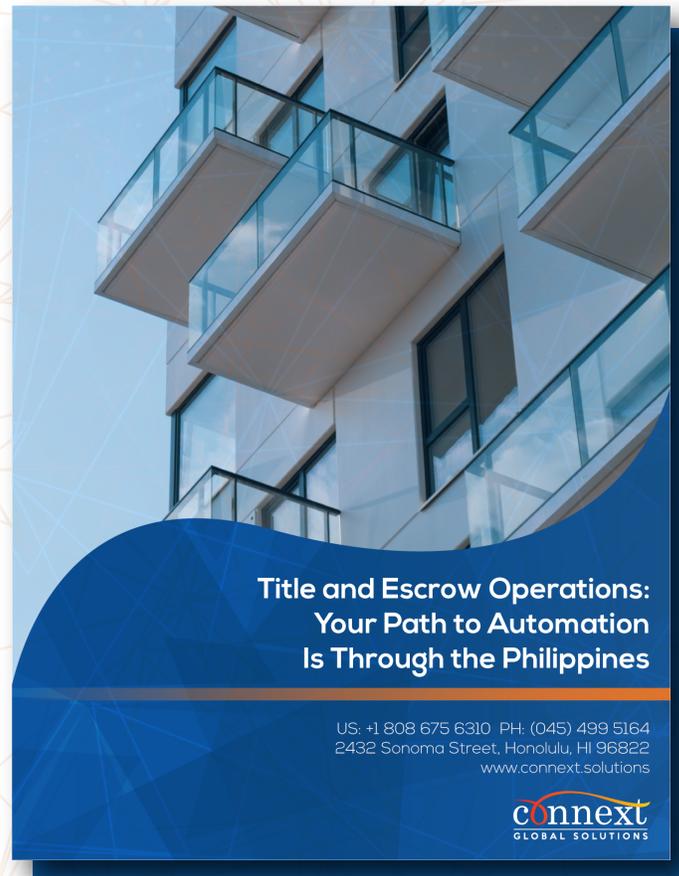
This holistic view and acceptance of tolerable failures requires a mindset shift. It is a hard concept because at the implementation level, individuals bear (or at least feel they will bear) the consequences of this type of mistake, but often they do not see or benefit from the fruits of the savings. Many managers also do not think like this and those that may intuitively understand the concept frequently do not understand the importance of communicating the bigger picture.

Another part of the solution is creating frameworks that allow quantification of risk and consequences. It is a similar mindset shift to accept that in most cases, the consequence just isn't that bad. This type of framework can easily be found. The key management behavior is forcing the use of these frameworks.

The Trying Not to Get Fired Decision Making mindset manifests itself in multiple ways, a common one is roadblocks or "no's." The deceptively simple, but sometimes hard to implement strategy is forcing consistent explicit communication about roadblocks:

- Is it impossible given today's technology? In most cases industry leaders have been doing it for years.
- Do you know how to do it? In many cases the individual does not, but who wants to admit that? This is one of the key mindset shifts: There is nothing wrong with not knowing. No one knows everything. Once some admits not knowing, the path forward becomes clear.
- Do you have time to do it? Many managers struggle with prioritization for their direct reports. The common practice is adding tasks without specifying which tasks should go away. This leaves employees to implicitly set their own priorities. In some cases that may be an acceptable strategy; however, once it becomes explicit that the roadblock exists because the person does not have time to do something, the manager can resolve the conflicting priorities.
- Do you disagree with the direction? When all else is been eliminated this discussion is required. It is essential to include considerations of the company's growth strategy and end-customer experience.

Resolving the Shrink to Grow Paradox and Trying Not to Get Fired Decision Making mindsets are necessary conditions for any digital transformation journey. But then what? A general principle of turnarounds is to start small and build a cycle of success. The same applies to most change initiatives. It should be straightforward to see how starting small and building a cycle of success resonates with the strategies for addressing mindset change. The corollary is to take intermediate steps. Here, consider working with a BPO partner. It allows an intermediate step that is easier to manage but still moves in the right direction on both shrinking to grow and implementing change (see Connex white paper “Your Path to Automation Is through the Philippines”).



In fact, we learned about the Shrink to Grow Paradox from BPO clients. As Connex clients ramped up their Philippines, team, they experienced revenue and employee count growth in their home markets. Finally, there are two important benefits of working with a BPO partner. BPOs, by their nature, are not legacy. It forces the process clarity necessary for any digital transformation and second, it creates the flexibility and management slack (capacity) that is essential for implementing change.

As a concluding thought, keep in mind that there is no magic solution. It is much like increasing activity and improving diet leads to weight loss, but for almost everyone, it is easier said than done. Trainers, coaches, clubs, teams can all help. But if someone does not have access to a pool, a swim coach is not the most helpful. Along the same lines, within a company change takes real work. As companies look for BPO support in these critical initiatives, the goal should be finding partners aligned with their values, approach, size, and needs.