

Business Case – Digital Transformation Assessment Framework

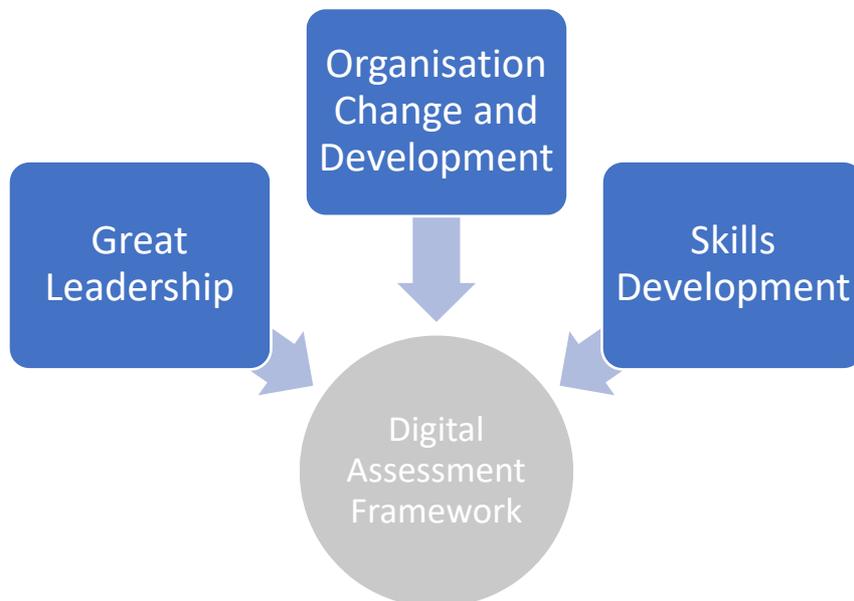
Executive Summary

The world our workforce operates in is changing and at a rapid pace. This specifically is the case for digital transformation; and we need to equip our managers with the skills and expertise to keep up with this pace and to maximise the opportunities it brings – both to citizens and the workforce.

Our concept was to develop an assessment framework to enable Local Authorities to identify the extent to which line managers possess the competencies and behaviours to engage positively in the digital agenda and lead the changes required within their services.

Introduction

The starting point in the development of this initiative was in accordance with the LGA's "Productive People Workforce" Strategy – we determined that the development of a bespoke tool tailored to assess competencies within a digital context was something that could be utilised in accordance with the LGA's identified priorities – those being:



It is recognised that most organisations will have a management competency framework however, with the ever-increasing pace of the digital evolution it was felt that a competency framework that was tailored specifically to digital would be advantageous.

In developing this tool, our aim was not to replicate existing assessment frameworks but to meet the demand identified by both the LGA and CIPD who see skills for digital as a priority for the future world of work in a digital climate

From the research we had undertaken and in developing this tool, our belief is that all managers, regardless of what type or size of organisation they are working in need to be furnished and equipped with the skills to enable them to lead with confidence and conviction in a digital environment.

Problem Statement

From the research we undertook, it is apparent that the world we work in is being influenced by the digital evolution and at an increasing pace. We know that:

- * 1 in 3 employees in the UK works from home or remotely (ACAS)
- * 4 out of 10 companies now have their core HR applications on the cloud (PWC)
- * Many employers who offer remote working options report a direct link to reducing staff turnover (52%) and operational costs (50%) as a result (Indeed)
- * 79% of job seekers use social media in their job search

So, this highlights how much of an influence digital has on the world our workforce is operating in, meaning that we need to equip our managers with the skills and expertise to keep up with this pace and ensure the workforce is willing to learn and adapt to new ways of working. Employees have increasing expectations of agile and digitally enabled workplaces, and those organisations which are quick to adapt will be those that attract and retain the best talent.

Local government has experienced significant changes over the years and digital evolution has played a key role in enabling those changes such as responding to funding cuts. The PPMA and Eduserv published some research as recently as 2017 looking at HR and IT working together to achieve a positive change required in local government and specifically identifying the lack of a competency framework. 40% of councils lack any sort of plan to address the internal digital skills gap. Therefore this highlighted the need to identify a tool to enable managers to be ready for digital now and in the future. Managers are key to creating the right environment for digital transformation projects to be successful.

Analysis

In developing this concept, our approach was the following:

- * A desktop research exercise was undertaken of the many articles and studies available of the impact and critical factors for successful digital transformation
 - * E.g. OECD Skills for a digital world 2016,
 - * Deloitte Decoding Digital Leadership 2016

* Findings of the PPMA and Eduserv Skills for Digital Change 2017

- * A total of 12 managers were interviewed across our 4 respective Local Authorities (Staffordshire County Council, Lichfield District Council, Warwickshire County Council and Wychavon District Council) to establish their experiences, appetite and demand for the framework. This was a cross section of research amongst authorities all operating at different digital levels.

Managers were interviewed, and their opinions sought on a set of draft competencies which were based on the research we had undertaken including a review of existing tools and some of the early work that Staffordshire County Council had undertaken in this arena.

The conclusion from these interviews were that:

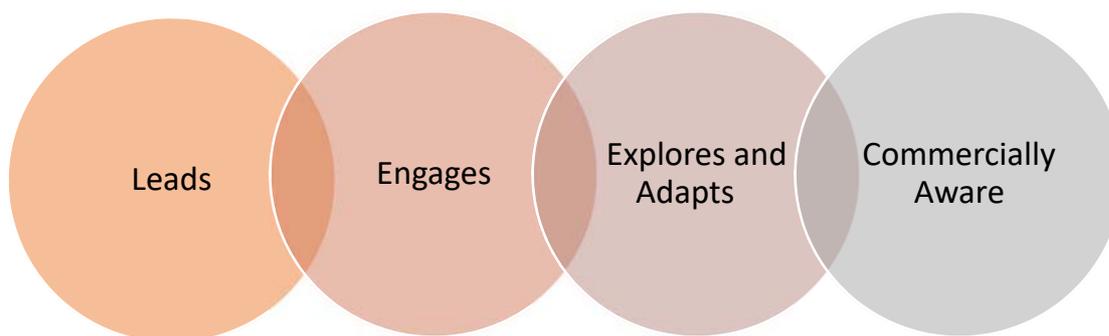
- 75% would find the framework useful
- 25% would possibly use it – they would want to see what it would be used for

Suggestions were also made about additional competencies to include such as managing wellbeing, ability to adapt and trust.

A summary of the findings from each Council is included as Appendix 1.

Concept

Our research led us to develop our framework which is divided into four key areas which all managers will need to focus on to successfully operate within the digital environment. These are Leads, Engages, Explores and Adapts and Commercially Aware.



The four areas can be summarised as follows:

Leads – works in collaboration to lead for innovation and change and is positive about the changes and advancements of digital transformation.

Engages - Nurturing people and networks in a collaborative way.

Explores and Adapts - Is curious about digital transformation, promoting self and team learning, and encouraging space for creativity and risk-taking.

Commercially Aware - Understands the benefits that working digitally can bring to delivering services, while managing the risks of changing delivery models

It is no coincidence that these four skill areas could be found in many leadership competency or behaviour frameworks, as we have identified that people are key to successful digital transformation and therefore these four areas reflect the need for managers to be able to lead and engage with their teams successfully during change. Our framework adds value by refining these areas further in to 18 competences specifically focussing on how these competencies would apply in a digital environment, with corresponding positive and negative behavioural statements.

The table below shows the four areas further split down in to four or five competencies, which as we have mentioned each then have associated behaviours which will be tested through the framework. **A full copy of the Framework is attached as Appendix 2**

The assessment framework

| Leads | Engages | Explores and Adapts | Commercially Aware |
|--|--|---|--|
| Is able to share vision and expectations | Creates and nurtures relationships inside and outside the team and organisation to build networks and connect people | Is curious about digital transformation | Understands the benefits that working digitally can bring to delivering services |
| Creates and leads change and innovation in a digital context | Effectively promotes a wide range of tools for online communication | Is confident to challenge the 'status quo' | Is able to build a business case for digital change |
| Trusts and empowers individuals | Considers the ethical principles of use and publication of information | Encourages space for creativity and risk taking | Effectively manages the risks of changing delivery models |
| Adopts their style to individual circumstances and recognises individual sensitivities | Manages data and information to protect digital footprint and online identity | Open to Learning | Is able to build information into intelligence |
| Understands that a mix of personalities and skills are required to bring about positive change | Engages and seeks feedback from team(s) to understand motivations to adopt new technologies | | |

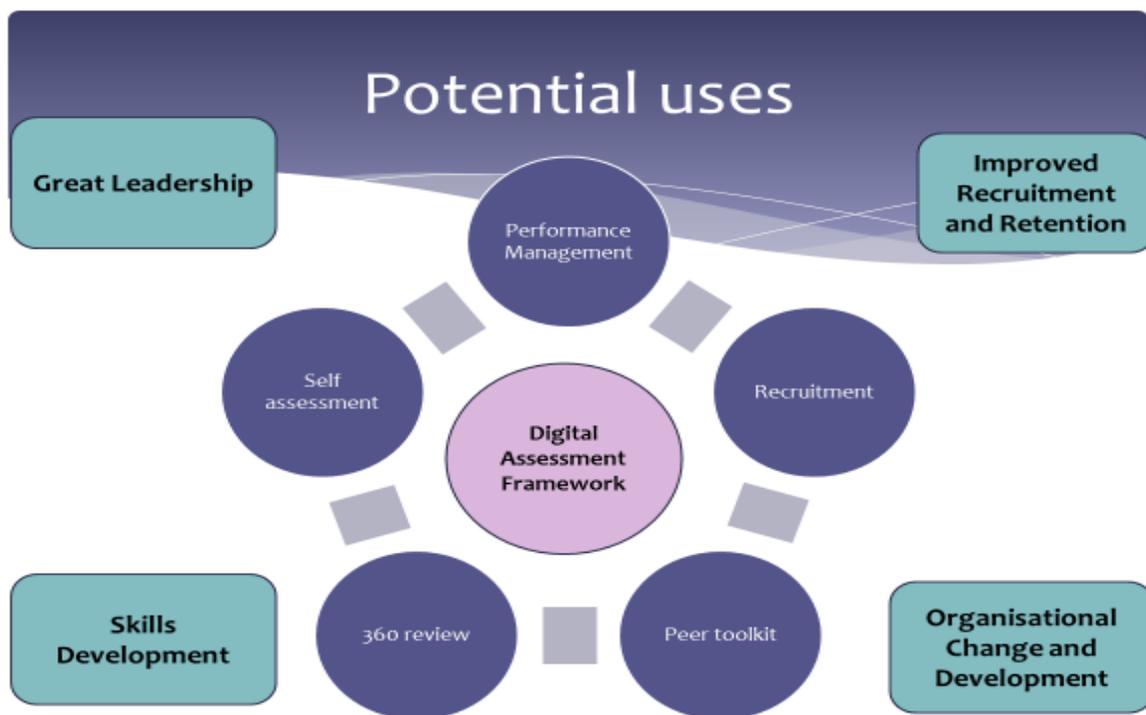
This framework would be built into an online tool to allow individuals to rate themselves against the different digital behaviours. This requires some development work but the subsequent tool we envisage would create a heat map (see example

below) with some accompanying narrative allowing managers to identify where competency development is required.

Example Heat Map



Potential Options and Return on Investment



Our initial concept was to create a self-assessment framework for managers in terms of their digital readiness. As mentioned above, this would be an online tool which would produce a heat map and summary for the individual in terms of current behaviours and allow individuals to identify development areas and we envisage that the tool would also be able to aggregate this information at an organisational level.

As we developed the framework and the competencies and behaviours underpinning this, we identified a wider range of potential uses too. For example, the self-assessment framework could also be extended for use in 360 review processes. The competencies could be used as part of a competency-based interview or embedded in to an earlier stage of selection as an online questionnaire to help organisations recruit managers with the right behaviours to successfully engage with the digital agenda. An online assessment could also be embedded as part of an organisation's performance management system.

The competencies could be used in a development session with managers, which is one of the potential uses being explored at Wychavon and Malvern, or by peers to help managers in understanding their current digital readiness. The framework if extended, could provide clarity for managers, set expectations around performance and therefore support a number of strategic priorities identified by the LGA for all councils around great leadership, skills development, improved retention and recruitment, organisational change and development.

Sensitivity Analysis

The world we live and work in is changing at a rapid pace as we become more and more digitally advanced. We recognise that doing nothing is not an option, and those organisations most prepared to embrace digital changes will be best placed to attract and retain the best talent, as well as delivering resident focussed services.

We can see examples of organisations in both the public and private who have successfully captured the opportunities that digital transformation can bring. John Lewis "plans put differentiation, innovation and partner-led service at the heart of their offer". Waitrose online has seen sales grow 20% year on year and differentiates itself on exceptional service. At the opposite extreme, WHSmith has been voted the worst shop again in a recent survey by *Which?* and appears to be slow in its response to the changing environment and the opportunities which digital can bring.

We have also seen innovations in the public sector, such as the DVLA which has moved car tax 100% online and now integrates various information in to an online process. The NHS was the largest purchaser of fax machines in the world, until the government banned any new purchases earlier this year. With all fax machines to be phased out by 2020, the NHS is being encouraged to look at digital transformation to replace them.

Digital change continues to offer huge opportunities for councils. Managers are the key and our framework helps them identify the skills which will be necessary to successfully operate in a digital world. The PPMA summarises this well:

"Digital programmes succeed because of people, not because of technology."

Recommendations

We believe there is sufficient evidence to support the need and for this tool and from the research we have undertaken so far, we also believe there is sufficient demand.

It is recognised that the tool requires further work to develop its online capabilities but believe we have developed a concept that will greatly assist managers within local authorities to develop managers now and for the future.

Appendices

Appendix 1 Summary of Findings from each Local Authority

Appendix 2 Assessment Framework

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