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How Training Enables Companies to Get the Most Value from Digital Transformation

Karen Lacour

Over the past two decades, business leaders have come to accept the reality that digital transformation is not a one-time event. Ongoing digital changes are the norm, and companies that don't get on board are at risk of falling behind more mature competitors. As organizations adopt more digital technologies, processes and business models, their workforce also needs new digital skills. While many companies are already adding disruptive technologies like robotic process automation (RPA), artificial intelligence (AI) and machine learning to their architecture, they are finding that only when they embrace training and continuous learning will their human workforce have the digital skills they need to take full advantage of their technology investment.

In the digital era – as many routine and repeatable tasks are being automated – employees need digital skills that enable and empower them to focus on higher-value tasks and activities. Some examples of highly desirable and sought-after skills include critical thinking, data gathering and data analytics, as well as soft skills like communication, corporate storytelling, emotional intelligence and negotiation. In addition, workers need to keep learning new software skills as organizations implement nimbler and cloud-based enterprise resource planning (ERP) and financial-management ecosystems.

Many clients, business leaders and industry thought leaders have noted the shortage of digital talent and skills as a blocker for transformation. ISG Research indicates not only a continuing, market-wide lack of digital skills, resources and training among enterprises, but also that the lack of these is among the top three obstacles to digital transformation – ranking behind only budget and return-on-investment (ROI) issues – since 2014.

Many companies still need to develop a strategy to deal with this pressing issue. The barrier to digital upskilling should be relatively easy to remove, so leaders can grapple with the more challenging questions about how and when to transform. This ISG white paper shares best practices and examples of how to successfully teach digital skills as a way to overcome this barrier to transformation. Strategic organizational change management (OCM) training programs are the recommended approach. OCM programs can prepare stakeholders' and end users to be better prepared to make the most out of new digital systems.
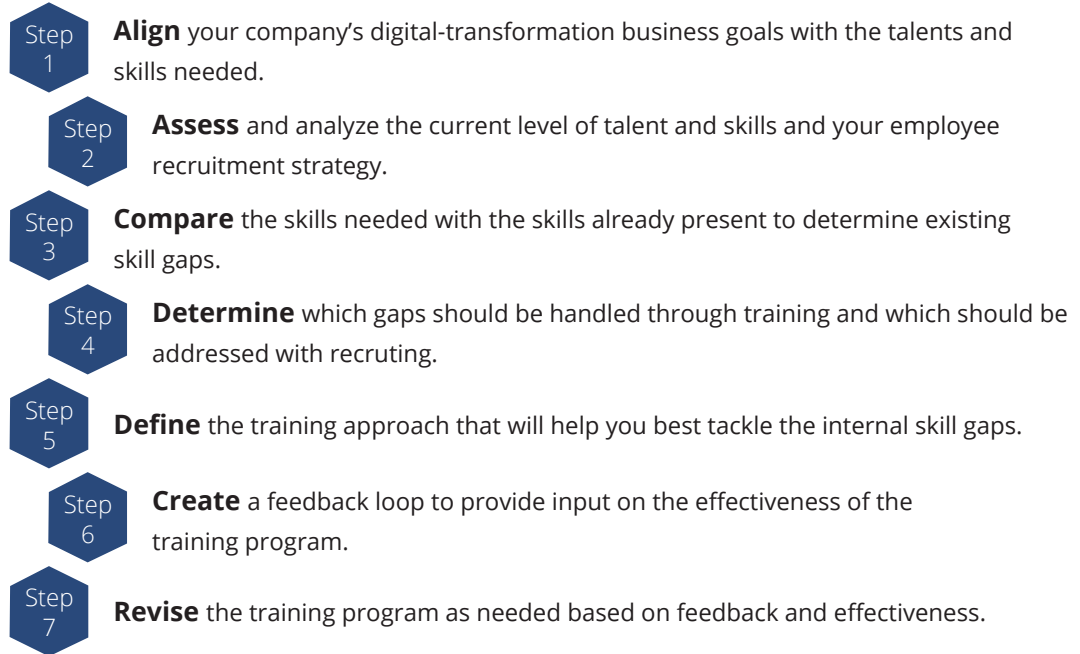
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ELEMENTS OF A GOOD TRAINING PROGRAM

An effective OCM training program provides the learning needed to facilitate digital transformation. The key steps in designing a successful training program are depicted in the graphic below.

In the digital era – as many routine and repeatable tasks are being automated – employees need digital skills that enable and empower them to focus on higher-value tasks and activities.

Step 1 — **Align** your company's digital-transformation business goals with the talents and skills needed.

Step 2 — **Assess** and analyze the current level of talent and skills and your employee recruitment strategy.

Step 3 — **Compare** the skills needed with the skills already present to determine existing skill gaps.

Step 4 — **Determine** which gaps should be handled through training and which should be addressed with recruting.

Step 5 — **Define** the training approach that will help you best tackle the internal skill gaps.

Step 6 — **Create** a feedback loop to provide input on the effectiveness of the training program.

Step 7 — **Revise** the training program as needed based on feedback and effectiveness.

For a digital transformation, a complete OCM training program includes the steps outlined in the graphic, as well as training development and delivery to address specific digital upskilling needs. It should also provide custom education and training deliverables that are actionable and repeatable.

The workplace of the future should establish a learning and development program responsive to the emerging digital skill gaps at the moment of need, including customized content that's relevant, accessible and adaptable to a variety of worker learning styles. The goal is to make training as agile in leading a workforce through change as other parts of the IT transformations are with software, hardware and operating models. This requires a tight alignment of strategic business objectives with the desired OCM training outcomes.

When a company fails to include OCM training, transformations may not happen at all, or they may not happen in time due to prolonged lags on the people side of the project, which can result in less-than-successful outcomes and diminished return on investment. Lack of proper training also can result in losing key employees who choose to move on to other opportunities, since they weren't provided with the skills needed to be successful during and after the digital transformation.

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TRAINING STRATEGY DESIGN

The first step in the design of an OCM training program is aligning the overall business goals for the digital transformation with the talents and skills needed to execute on those goals. The graphic below lists many of the common business goals for transformation, such as implementing and integrating advanced data analytics.

Examples of Business Goals for Digital Transformation

Better Efficiency	Better Data	Better Customer Focus
Increased Productivity	More Accurate Information	Improved Customer Experience
Cost Reduction	Data in Real Time	Increased Ability to Compete
Facilitation of Reporting	Advanced Analytics	Enterprise Agility
Improved Forecasting and Modeling	Greater Insights	Workforce Mobility

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Let's take the example of advanced analytics. If a team responsible for implementing advanced analytics post-transformation is lacking skills in a specific area, then the OCM training program should address building skills and training on any additional software or other tools needed to perform this function. The primary focus of the digital-enablement training should be education around the new end-to-end business processes for data analytics, the business objectives, and the new software, such as ERP or customer-relationship management (CRM) software, being implemented to capture data.

Once an enterprise completes the alignment and analysis of the business goals for the digital transformation, it must assess the skills needed to achieve those goals. Take an inventory of your current workers' talent and skills in these areas and begin to address any skills gaps through training of current workers and/or recruitment of new workers. You may need to modify or augment your existing recruiting strategy with other talent sourcing options, such as contingent or outsourced talent. That could include W-2 and 1099 employees, vendors and virtual or offshore employees.

Designing the OCM training strategy for digital enablement and the corresponding execution plan also requires the following:

- Careful coordination of the approach to address internal skill gaps with the overall transformation-project timeline. For maximum efficiency, the training execution and impact must be realized prior to the implementation of the new system, processes, operating model or whatever the project entails.

- Separate approaches for training soft skills that are distinct from the approach for training hard skills. The methodology, content, timing and key stakeholders for these two types of training often are quite different.

- A feedback loop to test the effectiveness of the training program and revise the training program as needed based on the resulting insight.

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Training and continuous learning are essential for successful digital transformation. Here are some examples of how the principles of OCM can make a dramatic impact on the outcome of change projects:

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> **If a company doesn't include OCM training, then transformations may not happen at all, or they may not happen in time due to prolonged lags on the people side of the project, which can result in less-than-successful outcomes and diminished return on investment.**

1. **Training on the upper deck.** A federal defense contractor manufactures battleships and destroyers for the U.S. Navy. The company sought to transform its workforce management, timekeeping, payroll and work-order management to a digital system that provides a more modern, cloud-based user interface, real-time reporting and scannable documentation to improve the accuracy of data entry. In addition, the managers and supervisors were moved from paper work orders and typing work-order numbers into a homegrown timekeeping system to the use of iPads and Bluetooth scanners.

    The digital-enablement training program needed to help managers and supervisors use the new iPads and Bluetooth scanners, which clipped onto their belts and were rugged enough to be used outdoors on the decks of ships under construction. The training program also needed to be designed for unionized hourly employees, who worked 24-7 shifts with structured breaks and meal/rest periods.

    When an OCM training team came on to support the project, it conducted train-the-trainer sessions with the supervisors to demonstrate the streamlined web-based training content from their iPads, including 15-minute microlearning segments from the ship decks at the start of each shift. The web-based training content included short videos (two to three minutes or less) with screens showing time clock or computer entry of various timekeeping and work-order management transactions, so supervisors would have an on-demand reference to the steps needed to complete the various transactions. These videos also had accompanying printable content with step-by-step written procedures for each transaction.

    After four to five segments of training during the stand-up shift-start meetings and hands-on training at the new digital time clocks, the hourly workers were ready to successfully use the new system. The team used a pilot training program with small groups first and then delivered the training to the entire workforce of more than 5,500. The first pilot consisted of a group of approximately 50 salaried office employees, and the second pilot group consisted of approximately 100 of the unionized hourly employees across one of the three daily shifts. The pilots were coordinated with scheduled system pilots and allowed trainers to adjust and tune the training content for maximum efficiency and ease of use during a very tight and high-stakes delivery time frame.

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2. Learning with real-life scenarios. A global oil and gas corporation was introducing new software designed to help managers better visualize data by merging millions of records of data from internal and third-party databases. The primary business goal of this transformation was to see the data in a variety of combinations to make faster and better business decisions. Post-transformation, business leaders could potentially make decisions in a matter of minutes, instead of days, weeks and sometimes months.

When an OCM team assessed the elite group of about 300 high-achieving senior analysts and executive managers, it found an audience with unique and highly individualized training needs. This audience didn't need training on the systems, Internet or data analytics since they were familiar with the old slices of relevant data. What they needed was an understanding about how to use the new rapid decision-making capabilities. In light of this, the training strategy needed to present a selection of thought-provoking real-life scenarios that could be applied to the use cases that were a part of the project.

The project faced some roadblocks before the OCM team started, but once aboard, team members focused on the three client workstreams most affected by the project as they created the needed training strategy, plan and content development for user acceptance testing and end-user training services. This included live-action videos, quick reference guides and other on-demand learning and eLearning materials. The OCM training built on examples from user stories and real-world situations to provide scenario-based training.

As a result of merging dozens of internal financial, production and sales databases with selected third-party benchmarking and market-pricing databases, the oil giant was then able to visualize predefined pictorial reports that merged data real-time to increase the speed of business decisions and leverage the most current, relevant data.

3. Preparing for omnichannel. A multibillion-dollar retailer was launching a new omnichannel program, including a new website. The company needed to prepare employees for more consistent customer interactions, flowing seamlessly from the online experience into any of its hundreds of stores. The new website and other innovations required support through employee behavioral changes, especially since the company has a culture of independence at each location, resistance to change and widespread use of system workarounds.

The OCM team began by conducting a series of activities to familiarize thousands of the retailer's employees with the coming changes. This included executive-alignment sessions, change risk assessments, foundational education and a comprehensive training strategy with extensive training communications, such as short videos that modeled the desired behaviors. In the end, employees at the chain's hundreds of stores were prepared for the many changes, including new types of consumer interactions that fit with the omnichannel program.

Moving forward into the digital era requires significant investment of money and resources. You can't afford to allow a shortage of digital skills and talent to hamper the potential benefits of a digital transformation.

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CONCLUSION

Moving forward into the digital era requires significant investment of money and resources. You can't afford to allow a shortage of digital skills and talent to hamper the potential benefits of a digital transformation. OCM and training are essential in addressing the need for new, emerging skills, so enterprises can help employees adapt to the change and reap the business value they are expecting.

ISG can help with the assessment and analysis of a company's planned digital transformation and create an OCM training program that supports digital enablement of end users and increases the potential for success.

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HOW TRAINING ENABLES COMPANIES TO GET THE MOST VALUE FROM DIGITAL TRANSFORMATION

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Karen Lacour is a seasoned, strategic consulting manager in the ISG OCM practice with more than 20 years of consulting and IT industry experience. Over the last 18 years, she has focused on leading large-scale global end-user adoption (EUA) projects for Fortune 500 companies. She is a thought leader in the areas of ERP process- and role-education and ERP systems training, partnering with Infor, SAP and other global software vendors. Karen leads diverse teams of onshore and offshore resources responsible for designing, developing and delivering custom end-user training and training communications, utilizing a wide variety of outputs, including video, eLearning and instructor-led training classes. She has industry expertise in numerous sectors, including energy, telecommunications, retail, healthcare and manufacturing, and an MBA with a specialization in finance from the University of Houston.

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