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Digital Transformation in Organizations:

An Analysis of Organizational Determinants of Success

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ABSTRACT

Emerging digital technologies force organizations across all industries to rethink their business models and organizational structures. Digital Transformation (DT) is a hot topic in business, yet academic literature has understudied the phenomenon. This study defines DT as a fundamental organizational change and identifies a positive relationship between organizational size, scope and competition and the decision to start the process of DT. It finds, however, that these same factors become the biggest hurdles to successful organizational change and identifies the importance of specific leadership behaviors to overcome the challenges and increase the probability of successful DT projects.

Keywords: Digital Transformation, Management Innovation, Transformational leadership, Transactional leadership

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TABLE OF CONTENTS

1	INTRODUCTION.....	5
1.1	Background and Problem Statement.....	5
1.2	Purpose and Research Question.....	6
1.3	Topic Decision	6
2	LITERATURE REVIEW	7
2.1	The Concept of Digital Transformation	7
2.2	The Impact of Digital Transformation	8
2.2.1	Transformation of Business Models	8
2.3	Digital Transformation as a form of Management Innovation.....	8
2.4	Antecedents for Change	9
2.4.1	Market Environment	9
2.4.2	Firm-specific Antecedents.....	10
2.5	The Role of Leadership in Digital Transformation.....	12
2.6	Conceptual Model for Digital Transformation.....	14
3	RESEARCH DESIGN	16
3.1	Research Setting	16
3.2	Methodological Approach.....	16
3.2.1	Qualitative Research – Semi structured Interviews	16
4	FINDINGS	18
4.1	Understanding Digital Transformation – An Interview Perspective.....	18
4.1.1	How Organizations decide to change.....	18
4.1.2	Leadership as internal success factor for Digital Transformation.....	20
4.1.3	Final conceptual model of Digital Transformation.....	24

5 CONCLUSION 25

5.1 Recommendations for Future Research 26

6 LIMITATIONS 27

7 REFERENCES..... 28

8 APPENDICES..... 30

8.1 List of Abbreviations 30

8.2 List of Figures 31

8.3 List of Tables 32

8.4 Interview Guide Master Thesis 33

8.5 Data Structure..... 35

8.6 Interview Transcripts..... 36

8.6.1 Interview 1..... 36

8.6.2 Interview 2..... 40

8.6.3 Interview 3..... 45

8.6.4 Interview 4..... 49

8.6.5 Interview 5..... 52

1 INTRODUCTION

1.1 Background and Problem Statement

Worldwide, over 1,700 Skype calls are made per second. In that same second, over 1,600 apps are downloaded and over 660 hours of videos watched on Netflix (Alicia Bárcena, Antonio Prado, Mario Cimoli, 2013). The everyday life of people, businesses and society as a whole is changing at a rapid pace following the increased implementation of new digital products and services. The implications of this evolution are reflected across all industries, ranging from manufacturing to healthcare or financial services, resulting in more organizations embracing the concept of digitalization (Siebel, 2018). Traditional industries are seeing attacks from “digital invaders” such as Uber or Airbnb, the largest providers of taxi services or accommodation, neither owning vehicles nor real estate (Vey, Fandel-Meyer, Zipp, & Schneider, 2017). This digital revolution changes the way companies make and sell products and services and reach and communicate with customers (Vickers et al., 2016). Additionally, powerful IT systems and smarter software, robotics and big data are revolutionizing classic business models and transforming entire industries (Vey et al., 2017). All these changes and challenges are forcing organizations to react and transform their business accordingly to be able to exploit the opportunities that emerge with digitalization, and thereby guarantee their survival. The concept of Digital Transformation (abbreviated as “DT”) is characterized as applying digital technologies to enable major changes and transformation in an organization (Osmundsen, Iden, & Bygstad, 2018). DT is made possible by digital technologies that change the competitive landscape and ultimately lead to a change in customer expectations and behavior (Osmundsen et al., 2018). The impact of DT is centered on creating new products and services, changing processes and business models with the goal of new value creation (Westerman, Bonnet, & McAfee, 2014). Despite growing awareness of its importance, many companies still struggle to make the transition to digitally transform. This is particularly true

for well-established, incumbent companies that are not primarily structured around or operating in the digital economy (Bucy, Finlayson, Kelly, & Moye, 2016). In an interview released for McKinsey in 2016, John Chambers, former CEO of Cisco Systems, a US technology leader, stated that the world is facing the biggest technology transition ever since it entered the modern information age; and companies who fail at DT will likely disappear (Siebel, 2018).

1.2 Purpose and Research Question

The central goal of the thesis is to gain a better understanding of the organizational factors that can help or hinder the successful implementation of DT. It first aims at determining which factors drive the decision to adopt DT and then to focalize on factors that may influence the execution of DT. Therefore, this study aims to address the following research question:

“What are the organizational determinants of successful Digital Transformation?”

The dissertation aims at furthering the knowledge about DT and is organized as follows: After the introduction, chapter two attempts to analyze the research topic by systematically reviewing existing literature, so as to clarify definitions of DT and to develop a conceptual model. Next, the methodology section discusses the method of data collection. The findings of the data analysis are then presented in chapter four, followed by the study’s conclusions and limitations.

1.3 Topic Decision

The decision underlying the selection of the research topic relies on the author’s belief that as the world faces the biggest technology transition ever, this topic constitutes an urgent issue to address for every organization. Successfully engaging in DT and shifting from traditional ways of doing business to the adaption to the digital world is more crucial ever since to guarantee survival. What drove the researcher’s interest was to better understand the organizational factors that may influence whether a DT proves successful or not. As such, the study is intended to support organizations in their transformation endeavor by investigating how organizations can increase the likelihood of success in DT.

2 LITERATURE REVIEW

2.1 The Concept of Digital Transformation

Academic literature about DT is still relatively scarce, with DT mostly being investigated by research centers in collaboration with consulting companies (Ivan, Bosilj Vuk, & Spremi, 2019). DT has become a common buzzword in the business and academic world however, the concept still lacks a clear definition. In the management and organizational literature, the term “transformation” is commonly used to refer to a substantial and large-scale change. To qualify as a transformation, it furthermore needs to affect the nature of managers’ and employees’ work (Tosey & Robinson, 2002).

The topic of DT is widely treated nowadays often under other terms such as "digitalization" or "digital (R)evolution". Digitalization mostly refers to *“the use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business”* (Gartner 2019). The groundbreaking impact of digital technologies and the level of speed and unpredictability leads to reshaping businesses and entire industries (Warner & Wäger, 2019). From a somewhat holistic point of view, DT can be understood as *“the changes that digital technology causes or influences in all aspects of human life”* (Stolterman & Fors, 2004, p.689). A more narrowed definition in the business context encompasses the change taking place at the organizational level. Hess, Matt, Benlian, & Wiesböck, (2016) define DT as *“being concerned with the changes digital technologies can bring about in a company's business model, which result in changed products or organizational structures or in the automation of processes”* (p.124). To summarize the different definitions for DT, the concept can be categorized according to the following three elements: (1) Technological – DT is based on using new digital technologies, (2) Organizational – DT requires changing organizational processes and structures or creating new business models and (3) Social – DT is a phenomenon that influences all aspects of human life (Reis, Amorim,

Melao, & Matos, 2016 & Hess et al., 2016). Drawing on extant literature on the subject of DT, in this thesis the concept is treated as an organization-wide phenomenon meaning that a holistic view of the organization is considered when studying DT.

In summary, the concept of DT can be described as a process **of fundamental organizational change**, driven by the use of technology to foster innovation and create value. DT calls upon organizations to acknowledge the need for change as an opportunity for new value creation to be exploited, and then to understand how to achieve successful realization within the organization itself.

2.2 The Impact of Digital Transformation

2.2.1 Transformation of Business Models

It is agreed that DT refers to processes of organizational change, driven over time by changes to organizational means for value creation. Digital technologies alone provide little value to an organization. It is their use within a specific context that enables an organization to uncover new ways to generate value. What digital does is that it allows organizations to reexamine their relationships with customers, their operational processes, and the way they are actually operating. In fact, this leads to changes in already existing or the creation of new business model(s) (BM). Just as much, it also forces structural changes within organizations that are carried out as a result of, or to support new digital products, services, processes and BMs.

2.3 Digital Transformation as a form of Management Innovation

Whilst little literature exists on DT, the concept of organizational change has been examined within an innovation framework, finding fertile ground in recent literature about organizations innovating their organizational processes and structures. For instance, Birkinshaw et al. (2008), discuss Management Innovation (MI) and define it as “*the generation and implementation of a new management practice, process, structure, or technique that is new to the state of the art and is intended to further organizational goals.*” (p. 829). A more firm-specific definition is

that of *“the introduction of management practices that are new to the firm and intended to enhance firm performance”* (Mol & Birkinshaw, 2009, p. 1269). Stated differently, MI involves the introduction of novelty in an established organization and as such represents a form of organizational change (Birkinshaw, Hamel, & Mol, 2008). MI pertain to the internal functioning of an organization, e.g. its task design, communication, reward structures, management styles, or designation of authority. This type of innovation is often more tacit, intangible and difficult to imitate than other types of innovation (Harder, 2011). As such, MI *“is one of the most important and sustainable sources of competitive advantage, needed to make technological innovation work”* (Mol & Birkinshaw, 2009, p. 1269). This aligns very clearly with the concept of DT. In DT, Digital Technologies are adopted, leading to major changes in multiple aspects of an organization. The essence of DT lies in the change of organizational practices, processes and structures, marking a significant departure from the status quo. This study thus sees DT as a subcategory of MI. The next two sections will examine what factors drive the decision to change and embark on DT.

2.4 Antecedents for Change

2.4.1 Market Environment

A changing market environment is usually the starting point for organizations seeing that they need to change and adapt. The pressure for change comes from various angles. With the fast and radical rise of new digital technologies such as mobile, cloud, big data, internet of things (IoT), and analytics among others, organizations and industries are being increasingly confronted with the transformation from the analog to the digital (Vial, 2019). Digitalization leads to an entirely new landscape of competition which requires organizations to keep up with this digital shift taking place. Organizations need to respond to the impending risk coming from existing but also possible new competitors, especially from new and “born digital” pioneers such as Facebook, Amazon Uber or Airbnb, that are taking over the market with digital

products, services and business models (Berghaus & Back, 2018). Given this changing landscape of competition, customer expectations and behaviors are changing as well (Osmundsen et al., 2018). As the modern customer is becoming increasingly tech-savvy, and has immediate access to all kinds of information, she can always choose between the best suitable products and services and demand for them being available anywhere at any time (Vial, 2019). Since organizations are competing for customers with changing expectations, more traditional companies run the risk that their direct competitors start copying digital native companies to better respond to customer demands. Given that organizations are confronted with a rapidly changing market environment driven by digital technologies, the question arises how do organizations make the decision to engage in DT? The next section addresses this issue.

2.4.2 Firm-specific Antecedents

Various studies have sought to answer the question under which firm specific circumstances organizations are more likely to embark on a change (Mol & Birkinshaw, 2009; Birkinshaw et al., 2008). According to MI research, there is a positive relationship between **organizational size** and organizations seeing that they need to change. The rationale behind this is that on one hand, increasing size leads to an increase in differentiation and complexity of the organization. This requires changing organizational approaches to cope with arising coordination difficulties. On the other hand, larger firms usually have higher **Diagnostic Capabilities**, understood as *“the ability of an organization to recognize the locus of a perceived problem or an opportunity for improved performance and to develop management solutions that either solve the problem or exploit the opportunity”* (Harder, 2011, p.84). Mol and Birkinshaw (2009) found that access to knowledge sources within and outside the firm as well as the level of education of the workforce significantly impacted the decision to adopt change. Large organizations typically possess a larger pool of knowledge, resources and capabilities, deriving from a diverse and usually higher educated workforce and leadership, external change agents such as consultants

supporting the change, larger and more diverse networks as well as financial resources necessary to decide for new organizational practices (Mol & Birkinshaw, 2009). As such, it is more likely that these companies will identify the need for DT than smaller companies. The underlying dissertation therefore assumes that the larger the organization in size, the more likely it is to decide to embark on DT. The geographical **scope** across which organizations operate was identified as a second predictor for organizations introducing change and innovation (Mol & Birkinshaw, 2009). An internationally operating organization benefits from **higher diagnostic capabilities** as its participation in different markets exposes it to a broader amount of opportunities, knowledge and resources. Looking beyond national boundaries and cooperating or competing with a vast number of organizations from the same or different industries fosters development and growth. Change and innovation is thus more likely to occur in organizations that operate across a broader scope (Mol & Birkinshaw, 2009). Moreover, the broader the external environment, the more competitors. This requires organizations to continuously seek for new information, generate new ideas as well as acquire and develop necessary capabilities to keep up with competitors. Thus, this work project estimates a positive relationship between the scope of operation and the decision to digitally transform.

Among academics, the relationship between innovation and competitive intensity is a subject of long-lasting, yet unresolved debate (Hecker & Ganter, 2013). On the one hand, whereas early empirical literature found a negative relationship between competition and innovation (Aghion, Bloom, Blundell, Howitt, & Griffith, 2005), a vast amount of studies found a positive linear effect (Street, Sharpe, & Currie, 2008). To integrate these contradicting results, other researchers built the positive and negative impacts of competition on technological innovation into one model in the form of an inverted-U shape. Higher competition here initially increases then decreases technological innovation effort, observing an intermediate level of competition that leads to maximized innovation intentions (Aghion et al., 2005). Since organizational

change and innovation is non-technological in nature, the argument above cannot simply be applied to MI. Hecker & Ganter, (2013), focusing on MI suggest that a firm's perceived competitive environment significantly effects its inclination to innovate. They point to a monotonically positive association between intensity of competition and MI, explained by the argument that intense competitive pressure out selects less productive firms and increases incentives to innovate. Summing up, the underlying work project assumes a positive relationship between perceived competition intensity and the decision for DT.

2.5 The Role of Leadership in Digital Transformation

After having understood what drives organizations to start their transformations, they also need to be able to implement it. Changing an organization is a long and complex undertaking, affecting the whole organization. In order for DT to succeed, everyone needs to be open to the ongoing transformation and must be willing to leave obsolete, ineffective processes behind. This often requires a radical change in mindset and behavior, with many people being afraid by its implications and consequences. This clearly brings a crucial role for leaders in carrying and supporting an organization through a DT, taking initiatives in helping to implement it. In fact, an Accenture study concluded that for successful change programs, strong and consistent leadership at all levels of the organizations is essential (Behar, Fuchs, & Thomas, 2015).

According to Vaccaro, Jansen, van den Bosch, & Volberda, (2012), studies have considered leadership as one of the key organizational attributes underlying change due to their prominent role in organizations. Various definitions of leadership do exist in academia. Leadership in the scope of this thesis is defined as *“the process of influencing others to understand and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish the shared objectives”* (Yukl, 2013, p.7).

The term “leader”, in the context of this work project, is understood as *“a person who guides a group of people, an organization, or empowers their transformational processes”* (Cortellazzo,

Bruni, & Zampieri, 2019, p.2). Leaders affect organizational conditions under which DT may be implemented, with leadership being identified as a key success factor for influencing the accomplishment of DT by practice-oriented literature (Westerman et al., 2014). Since DT requires significant human, financial, and technological capital that must all be aligned to facilitate successful results, it demands leaders capable of directing this change and influencing the process (Dahlstrom et al., 2017). Following the argument stated in section 2.3, namely that DT is a subcategory of MI, it is assumed that leaders who are more successful in pursuing MI, are more likely to propel their organizations forward in the journey toward DT. Several scholars investigated the impact of leadership on the realization of MI. For instance, Vaccaro et al., (2012) focused on leadership behavior as a key determinant for the successful pursuit of MI. They found that the adoption of two leadership styles, namely transformational and transactional leadership is positively associated with MI. As such, these styles are now discussed in more detail.

The transformational leadership style encourages, inspires, guides and motivate employees for innovation and change that will help to grow and shape the future success of an organization (Volberda, Bosch, & Heij, 2013). It includes a meaningful vision and the empowerment of followers to achieve and implement the vision and participate in the changes (Vaccaro et al., 2012). Transformational leadership was found to be multidimensional in nature, consisting of four components. By showing “idealized influence”, leaders intrinsically motivate people by acting as role models (Podsakoff, 1990). It also includes “inspirational motivation”, which implies leaders identifying and articulating an appealing vision and sense of purpose. Effective transformational leaders realize the importance of consistently and persistently communicating that core message and tailoring it to respective recipients (Anthony, Schwartz, 2017). “Intellectual stimulation” is shown in the support of the followers in taking a critical stance on the status quo, rewarding creative and new approaches and supporting risk-taking. These leaders trust

employees to take authority over decisions in their assigned jobs. In terms of “individual consideration the leader considers the individual needs and abilities of the followers, is a mentor, coach or guide to the follower (Stewart, 2006). The **transactional leadership** style was found to be conducive to the pursuit of MI as it may contribute to reducing organizational complexity and ambiguity through the setting of clear goals and rewards (Volberda et al., 2013). Transactional Leadership is based on a rational exchange relationship between the leader and the follower. Leaders provide clarification and specification of what is expected of their organizational members and assess the goals and consequent reward for its achievement (Stewart, 2006). Clear and operationally defined objectives are among the key management tasks as well as directing desired behavior by "conditional rewards".

To sum up, to a great extent transformational leadership guarantees an inspiring vision that energizes an organization around change and innovation. Transactional leadership, on the other hand is similarly important as it ensures that DT actually gets put into practice.

2.6 Conceptual Model for Digital Transformation

Our review of the literature has enabled us to develop a conceptual model for the DT process. The model is divided into two main sections and will work as a basis for the following empirical part: A changing market environment driven by digital technologies is the starting point for organizations seeing they need to change. Looking at firm-specific factors that may make organizations more likely to understand the need to change themselves and become digital, the literature states that larger companies are more likely to see the need for change. This is because of their higher diagnostic capabilities, reflected in larger amounts of and more diverse resources. The same argument holds true for the scope of operation. The broader the scope of operations, the more likely it is that an organization will understand the need for DT. Additionally, the more competition organizations perceive to experience, the more likely they embark on a change with diagnostic capability becoming sharpened by competition. Change

does not come easy, however, with many organizations struggling with inertia and resistance to change. Therefore, leaders play a key role in the successful implementation of DT. In the literature, transformational and transactional leadership stood out as being supportive for implementing change efforts within organizations. As such, it is expected that they positively contribute to a successful DT. Figure A compiles the main implication of this chapter. The primary goal of the following empirical part is to prove the validity of this model based on real life experience from expert interviews.

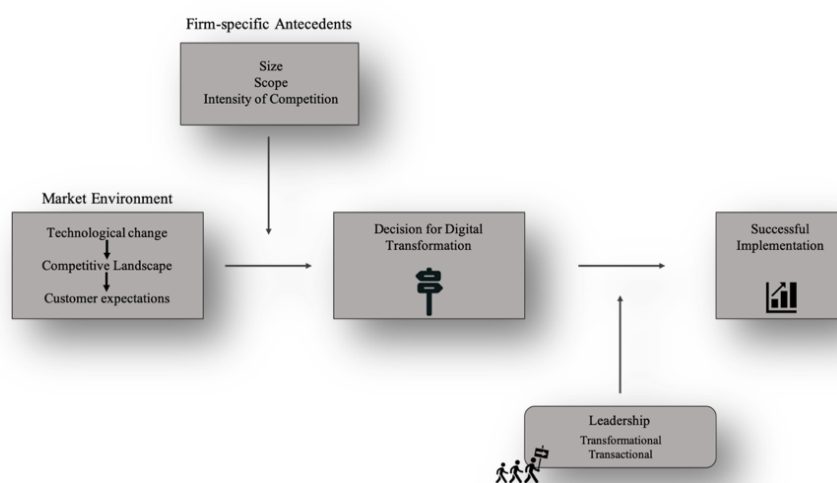


Figure A: Conceptual Model for Digital Transformation

3 RESEARCH DESIGN

3.1 Research Setting

This study explores the phenomenon of DT in existing organizations. The interviews were conducted with experts from the global management consultancy firm Accenture. The interviewees selected provide advisory services to companies in multiple industries, ranging from healthcare to consumer goods and utilities. Accenture currently is at the forefront of topics related to DT and supports many organizations on their transformational journey. The interviews provided the possibility to gather an outside-in understanding of organizations' DTs. The author of the thesis approached employees during a summer internship to share insights and experiences. Thus, this specific consulting company was chosen for conducting expert interviews. Table 1 presents the complete list of conducted interviews. As Hess et al., (2016) state, DT is nowadays a high priority for organizations regardless the industry. This set the basis for the study. The goal is to understand the phenomenon of DT, understand under which market- and firm specific conditions organizations are more likely to decide for DT and then analyze how leadership increases the probability of succeeding in DT. As part of these interviews, two common leadership styles, namely transformative and transactional were considered to determine whether these approaches influenced the implementation success of DT projects.

3.2 Methodological Approach

This section explains in detail the methodology used in this thesis. The qualitative research is first presented. Second, the data collection approach will be described.

3.2.1 Qualitative Research – Semi structured Interviews

The focus of this study is to understand and describe a nascent phenomenon in a real- world setting which is why for this thesis a qualitative research method was chosen over a quantitative one (Golfasni, 2003). Semi-structured interviews were chosen since they allow researchers to explore subjective standpoints and to gather in-depth stories of people's experiences. This was

the preferred method because understanding how DT is perceived and carried out in organizations requires expert knowledge and expression of their views of and experiences with this phenomenon. The selection of interviewees was based upon their expressed experience with and knowledge of DT practices. An interview guide was used, that enabled the researcher to address the defined topic whilst allowing the respondents to answer in their own terms (See Appendix 8.4). The interviews varied from 25 minutes to 50 minutes in length, were recorded with permission and transcribed. The analysis of the data was performed based on the interview transcripts: The key points were highlighted and labeled with codes. Next, the codes were put into categories from which dimensions according to the research interest were designed (See Appendix 8.5). The results are presented with illustrative quotations from the interviewees.

Managing Director Austria / European Lead Accenture Strategy	Head of Future Camp Vienna / Senior Manager Strategy	Senior Manager Accenture Interactive	Senior Manager / Head of Management Consulting H&P	Managing Director Accenture Strategy Portugal	Senior Manager Strategy Consulting Portugal	Manager Strategy Consulting Portugal
Sourcing and Procurement	Multiple Sectors and Industries	Multiple Sectors and Industries	Health and Public Service	Multiple Sectors and Industries, Focus on Resources	Multiple Sectors and Industries	Multiple Sectors and Industries

Table 1: Interview Partners

4 FINDINGS

4.1 Understanding Digital Transformation – An Interview Perspective

From the interviewees understanding, DT *“is the complete change of how a company is doing business.... a holistic transformation that addresses the whole company... and if you don't do that, your digital initiatives will fail.”* This understanding of DT not only confirms the definition of DT by Osmundsen et al., (2018), but also confirms seeing DT as a subcategory of MI, as it refers to a change in organization’s processes, practices and structures (Birkinshaw et al. 2008).

4.1.1 How Organizations decide to change

Changing requirements in the market driven by new technology and so called “new digital players”, raised the need to better respond to these changing requirements and to decide for DT. Unlocking opportunities outside the core business and structurally changing the organization to be actually able to do so were also cited as pushing organizations to start DT. All participants were working with **large scale**, mostly international DAX companies, often with revenues above 5 billion euros, a large and diverse workforce etc. These clients were found to have the necessary financial resources to afford the investment in DT which includes the services of external consultants advising and helping them in their DT approach. They possess a wide range of inside knowledge and capabilities, given their well-educated workforce, coming from different backgrounds and possessing various skills. It was stated that the *“biggest companies typically attract the biggest talent or at least they have a highly qualified workforce and capabilities”* (I5). This reports quite well to what literature says about the relation between size and the likelihood to change. The bigger the organization, the higher the diagnostic capability, and the more likely it is to understand that DT is important. Such as size, geographical **scope** across which organizations operate was confirmed by the interviews as being a second predictor for organizations introducing change and innovation. When looking at how **market competition** influences the decision to undertake DT, it became evident that the higher the

perceived pressure in the market, the more likely organizations realized the need to adapt to new circumstances and change to stay or become more competitive. One of the interviewees indicated that *“All my clients face high competition and that is really forcing them to engage with Digital Transformation and to become more digital” (I1)*. It was stated that companies in a highly competitive market put a higher priority on DT in order to respond to new requirements in the market. On the contrary, once an industry is highly regulated and protected, usually indicating lower levels of competition, firms were said to be less prone to change and start a DT. It can thus be confirmed from the interviews that higher market competition increases the likelihood to embark on a DT journey.

Although it was found that size is good for diagnostics, it is considered to harm the implementation of change. In fact, interviewees claimed **that the size of** an organization **increases complexity** and makes it harder for the organizational change that comes with DT to get successfully implemented. The reason was said to be that *“large companies usually have a stronger culture that's harder to change than in smaller companies. Because it's just not that many people you have to convince to change.” (I1)*. This implicates that although larger companies, given their generally **higher diagnostic capability** compared to smaller counterparts, are more likely to decide for DT, they actually face harder times implementing it. The same opinion holds true for the **scope** of operation, making it more complex and difficult for companies to implement change when operating in many different countries or industries. An international operating company faces *“significant complexity coming with different systems, different landscapes, different requirements different specifics in different countries” (I1)*. This is also reflected in the following statement, saying that *“if you have a company with 20 people you can reach them faster than having a company in 12 countries with 30,000 people. To reach a significant amount of people to create a culture of change it would take much longer” (I2)*. Based on the interviews, it can be seen that what is happening in the market, the

size, scope and the level of competition are drivers to change. Large and widely operating companies, faced with a lot of competition, are more likely to have heard of DT and perceive the need for it given that they are larger, have more resources and therefore are more likely to work with consultants supporting them in the transformation. Interestingly enough, these same factors that lend organizations down the journey actually created a lot of challenges in the implementation process, as could be seen from many of the quotes by Accenture. As such, what drove the researcher's interest was to identify what can be done to increase the probability to successfully realize DT. From the interviews it was discovered that, given the fact that size and scope are making it harder to change due to increased complexity and internal resistance to change, the role of leadership becomes much more critical. The next section thus addresses the leadership role, interviewees mentioned as needed to increase the chance of success.

4.1.2 Leadership as internal success factor for Digital Transformation

From the interviews it was confirmed that introducing new technology represents the easier part in a DT. Overall, interviewees shared the same opinion: When people in key roles (both senior leaders of the organization and those in transformation-specific roles) are highly involved in the DT, transformation's success is more likely. All interviewees referred to DT as being *"a C-level topic and CEO topic"*. They stated that *"if the head of the company is not all in, financially and time wise it will not work"* (I2). Although all of the Accenture clients understood that they have to change, they were sometimes struggling to do so for the right reason. Some were said to *"not really know why they have to do it"* (I1). In fact, it was said that many had digital on their agenda but were only doing *"bits and pieces"*, *"being digital for the sake of digitization"* (I1). Interviewees stressed the need for organizations to fundamentally *understand that "it's a long journey, it's a massive journey it's a massive investment, so it's not like building a tool here and there"* (I1). It is important to *"know the right objectives why to do that and how to achieve it"* (I1). This requires a *"massive knowhow in all areas of digital transformation, which*

is obviously about people, technology, process and strategy” (I1). This is why one of the most important leadership requirements mentioned was that leaders have to be **visionaries**. Interviewees commonly stated the need for a C-suite that has a clear picture and provides a “*clear North Star*” where everybody can focus on as mission critical. It was said that the important thing of the digital projects is “*always to start with the right vision and the right leadership support and knowing the right objectives why to do that and how to achieve it*” (I1). Given that in large companies the workforce usually spans many generations, especially for older people anxiety increases due to new technology and changes in the business. This was quoted as important issues leaders need to address. It was stated that “*leadership really needs to be able to give the people a vision why we do that, where we are heading to, what that means for the people*” (I1). Since large change efforts on a global scale oftentimes come with higher complexity and inertia, leaders were said to be needed as “*kind of change agents and the leadership that motivate and convince the people that you are doing the right thing*” (I2). This way, people can feel more secure and less overwhelmed by the change. It was moreover emphasized that CEO’s alone won’t be able to handle such change efforts but need the whole leadership on board to follow them. Some organizations did so by “*usually starting with the leadership training where you bring in your top 20, 30 people and you create that vision with them together and then they are taught how this new way of working in this digital transformation works, what is their role, what do they have to demand from their people*” (I2). For instance, in some occasions some kind of DT leads, supported by top management within the firm’s structure, were established, with the sole purpose of driving digitalization in the company. These examples match very well with the **inspirational motivation** component of the transformational leadership style, where leaders provide a clear vision and sense of purpose, motivating followers that they are doing the right thing. Also, leading by example was referred to as being one important way of motivating others, since it brings more attention to the rest of

the organization. In one case the CEO created a digital manifest, which introduced digital into the values and the mission of the company and was found on annual reports, investor relations etc. Such an initiative shows commitment not only within, but also communicates it externally (I5). In another organization it was experienced that *“once the CEO or other top managers have an interest in doing DT and are even participating in status meeting even if it's not every status meeting, then there is much more attention also for the others to drive it”* (I1). This fits with the second component of transformational leadership, namely **idealized influence**, referring to leaders acting as role models.

Rapid and constant changes are now the norm, and what succeeded in the past no longer guarantees success in the future. Success depends on how leaders can engage the rest of the organization during the transformation. Hereby one factor was said to be encouraging employees to challenge old ways of working. In some companies, this was done by applying an iterative test and fail and improve methodology. One interviewee accentuated that leaders need to *„give the people the ability to make their experience on projects and to also give them the ability to make errors and to learn from those errors”* (I2). Allowing employees to make errors, empowering them to try new things and take ownership of their ideas connects to the **intellectual stimulation** element of transformational leadership. Allowing employees to make mistakes is one part. Supporting and helping employees removing obstacles once they occur was stated as essential leadership behavior in order for employees *“to produce results faster which will create more benefits for the organization.”* Moreover, in successful projects it was observed that leaders took care of how changes could impact the organization and its people. This is closely connected to the **individual consideration** mechanism of transformational leadership, where leaders attend to their followers needs. All these examples determine that a transformational leadership style is conducive to the desired outcomes during a DT. Transformational Leaders are creating an appealing vision to guide the change through

inspiration, support and empowerment of employees (Volberda et al., 2013). This leadership style is particularly important to overcome the obstacles inherent with high complexity in large organizations, operating on a broad scope, as a clear roadmap is needed to reduce this complexity and align the organization toward a common goal. People need to be convinced of why DT is important and understand how it will impact them and change the status quo.

Even though it was found that transformational leadership behavior has great impact, it was not the sole means by which organizations achieved successful implementation. **Transactional leadership** was also found to have an influence on whether DT implementations prove successful or not. Although it was stressed that leaders should overtake the role of a coach and enabler, especially to get the people on board towards a common goal, successfully implementing DT in a way that the desired outcomes can be retrieved also requires monitoring and intervention from the top. It was mentioned that leaders have to intervene to support their employees when *“they run against some obstacles and need to help them removing obstacles to make their life easier”* (I2). This requires the intervention of leaders to ensure that people can successfully fulfill their tasks. Clear objectives and responsibilities need to be ensured in a way that people within the organization can make good decisions about their transformation efforts. Some interviewees experienced projects where *“project leadership on the client side was not clear: “nobody was hundred percent clear who should take responsibility. Is it business? IT? Who is it?”* (I1). It is also the responsibility of the leader to track the subordinates’ performance to ensure they meet their targets, indicating the need for transactional leadership behavior, setting clear targets and defining responsibilities (Vaccaro et al., 2012). It was moreover stated that it is important that people know what is expected of them, they need clear goals that act as a roadmap allowing them to do the best work, and *“once people reach their goals, you have to give them some kind of reward for their work, so they stay motivated. So do reward the progress along the way”* (I5). In order to ensure that people deliver the expected results, the leadership

must guarantee that his organization is motivated to carry out these kinds of activities. This can be done by promoting people for their achievement in the DT process.

In summary, the importance of leadership in driving DT was emphasized by all interviewees. Successful transformations implied leaders showing not only elements of transformational but also transactional leadership and balance them in such a way that positive results during the change process can be achieved.

4.1.3 Final conceptual model of Digital Transformation

In summary, the objective of this empirical section was to provide an understanding about what makes companies embark on the journey of DT. It was found that despite the context specific factors size, scope and perceived competition intensity driving to start a change, two of them actually acted as barriers in implementing DT. Size and scope increase complexity, which makes it harder for people to change. Indeed, many companies were facing difficulties in terms of resistance to change. It was therefore found that transformational and transactional leadership habits were both influencing the likelihood of success. This was done by providing clarity, for instance in the form of an appealing vision, as well as by showing appreciation for achieved goals in the form of rewards. The figure below shows the final conceptual model of DT, based on the empirical findings.

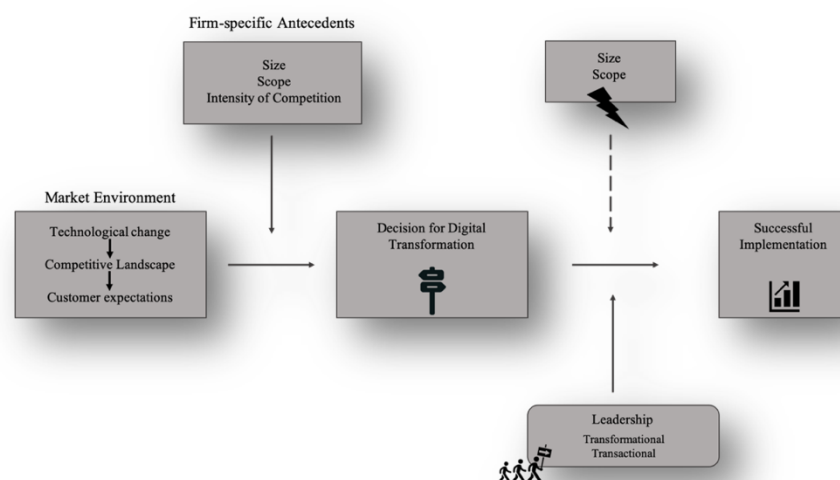


Figure B: Final Framework of Digital Transformation

5 CONCLUSION

The theoretical objective of this thesis was to provide knowledge on the nascent topic of DT. The academic literature of DT is emergent but still scarce, and it is mostly focused on practice-oriented publications such as consultancy reports. This study contributed to the emerging literature on DT and MI by treating DT as a subcategory of MI, and introducing a model for DT that spans firm-specific antecedents, namely size, scope and competition intensity as **affecting the decision to engage in DT**. Based on the interviews, it was seen that what is happening in the market, the size, scope and the level of competition are drivers to change. Large and widely operating companies, facing a lot of competition are more likely to have heard of DT and perceive the need for it given that they are larger, have more resources and therefore are more likely to work with consultants supporting them in the transformation. Size, scope and competition intensity are important in the diagnostic process to understand that DT is important and to embark on the ride. The interviews confirmed the management and organizational literature which found a positive relationship between these factors and the decision to change. Interestingly enough, it was found that the same factors that help organizations initiate the journey actually created a lot of challenges in the implementation process, as could be seen from many of the quotes by Accenture. As such, the strengths in deciding to embark on a DT journey suddenly became weaknesses when organizations started the journey. Carrying out an organizational change, the suitable leadership style can make this transition somewhat easier. In fact, the results of the interviews indicated that leadership played a critical role in the implementation of any large-scale organizational change such as a DT. Transformational leadership was examined to help overcoming barriers by providing clarity in the form of specifying future vision states, aligning and guiding the whole organization around and toward a common goal. Leaders need to build a strong shared purpose, to inspire the organization to transform. Since more complexity usually leads to more employees and middle managers

hesitating, transformational leaders are needed to reduce complexity and hesitation by supporting the change, allowing for errors to be made, as well as promoting the generation of new ideas. Transactional leadership is equally important as for people to know whether they are on the right track and understand what is expected of them. Transactional leaders are needed to define responsibilities and objectives and to reward employees appropriately when reaching expected results.

To conclude, organizations are well advised to look very clearly at the leadership structure they have in place to guarantee success of DT projects. They need to understand why they do DT, to not do it for the wrong reasons and get stuck in the process and increase internal resistance to change.

5.1 Recommendations for Future Research

Based on the findings of the study, two major research areas are recommended for future research. First, based on this research it would be important to explore how these positive factors of size and scope become negative factors and what can be done to minimize their negative impact on organizations. Second, the model could be taken a step further by adding actual client perspectives and experiences with DT to those of the consultants, providing a more insightful and holistic picture.

6 LIMITATIONS

Various limitations of the research apply. One limitation of the study is of course that it was not looking at companies that might be working with smaller consulting companies. As such, the research explores the concept of DT in large companies. The study was moreover conducted from a consulting firm perspective, thus only providing a one-sided view, not taking into account the client-side perspective. Additionally, the small sample size which existed of five semi-structured interviews may make the findings less generalizable, which needs to be taken into account when assessing the results. Another limitation is that interviewing Austrian and Portuguese Managers on their viewpoints and experiences in DT, the findings may not be replicable to other countries, thus providing only a limited picture.

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8 APPENDICES

8.1 List of Abbreviations

DT Digital Transformation

MI Management Innovation

IoT Internet of Things

8.2 List of Figures

<i>Figure A: Conceptual Model for Digital Transformation</i>	15
<i>Figure B: Final Framework of Digital Transformation</i>	24

8.3 List of Tables

Table 1: Interview Partners..... 17

8.4 Interview Guide Master Thesis

Theme A: Consent and recording

Thanks for taking the time to participate in this interview for my Master Thesis today. The interview will last about 30 minutes and, with your agreement, will be recorded with the help of an electronic device. The information gathered will be treated confidentially and only for the purpose of this study. The anonymity of the interviewee will be guaranteed. You can withdraw from the interview at any time.

Do I have your permission to tape record the interview and to use the collected data for the purpose of my study?

Theme B: Introduction - Purpose and structure of the interview, interviewee background data

In the next 30 minutes I will be asking you questions on the topic of digital transformation. Precisely, the goal is to gain a deeper understanding of what factors influence the outcome of digital transformation projects. The interview will be divided into two sections: First, I will ask you about your role at Accenture over the past year. Second, I will ask you to discuss factors related to digital transformation projects you have been involved in over the past few years.

Any questions or doubts? Let us get started:

Warm Up: Can you tell me a little about your current role at Accenture? What do you focus on?

Theme C: Understanding the context of the projects in terms of size, scope and competition

Could you please talk a little bit about one project that went well, and a second one that did not go so well or was more difficult to carry out?

Why did the clients start their DT?

Could you provide some background information about the client? Was it a big organization?

Do you know in how many markets the client operates? In terms of product lines? Nationally or internationally?

Did the client operate in a competitive market? On a scale between 1 and 5 with 1 being low degree of competition and 5 high competition, where would you say the client stands?

What were the challenges encountered?

Theme D: Understanding the role of leadership during the projects

Now I would like to discuss the leadership team with regards to the projects.

How did leadership approach the DT? Was there one dedicated person who leads the Digital transformation? If so, who?

Did you have the impression that the leadership team defined a clear and transformative vision making clear the goals, and communicated it throughout the rest of the organization? How?

Did leaders ensure that everyone understands the need for change and its intended outcome for the organization? How?

How did leaders support their subordinates?

Were the roles and expectations of leaders and subordinates clearly defined?

Did you feel that the leaders engage and motivate employees for innovation and change? If so, how?

Would you say that in the organization exists a high level of trust between leaders and subordinates?

To what extent did leaders involve partners and other stakeholders as opposed to working on their own?

From your experience during the projects you just talked about, could you identify top three competences leaders should possess in the digital age to successfully lead DT?

Theme E: Personal opinion and suggestions

From your point of view and experience, what are the biggest challenges in DT organizations and leaders face?

If there were some key pieces of advice you would give to a client before they embark on a major digital transformation project, what would it be?

What else would you like to share with me regarding Digital transformation in organizations?

8.5 Data Structure

Quotes	Code	Category	Dimension
<p>Because digital transformation from my understanding, is the complete change of how a company is doing business. Doing business to their customer, doing business internally and digitizing all the activities.</p> <p>Transformations that manage the organizational change are more successful in the digital transformation than those who just focus on bringing in technology.</p>	Complete change of doing business	DT as change	Meaning of DT
<p>"That many big companies especially face the challenge that they are not agile enough, they cannot respond to the customer needs anymore. Especially for the big companies that is true. And therefore, they are looking for new digital or digital operating models or business models."</p> <p>"Who is the fastest to respond to those new requirements in the market. And that's actually something all those companies want to address with digital."</p> <p>"You don't change because of digital. You change because you need to be more flexible in how you do business in the future why? We live in an environment that changes faster than before."</p>	Reason to start transformation	Changing Environment	Market Antecedents
<p>"Actually, all of my projects I did were for rather big companies. So, really big, multinational clients, normally DAX companies, with 6,7,8+ billion revenue."</p>	Big, international companies approaching Accenture	Size/Scope	Firm specific Antecedents
<p>"All my clients face competition and that is really forcing them to engage with Digital Transformation and to become more digital."</p> <p>"And I would say companies that are facing more pressure in the market actually put a higher priority on it. So therefore, it might even be smoother or better to implement it."</p> <p>If you are in a protected business for example energy, it's a heavily protected regulated industry so you are not thrown to changes.</p>	Competition as driving force	Competition	
<p>"I mean in big companies there it's definitely more challenging in such an environment because the change is much harder to achieve."</p> <p>"And I mean that's only from the people and stakeholder side but then also from a technology perspective there is also a significant complexity coming with different systems, different landscapes, different requirements different specifics in different countries."</p> <p>"Definitely it's much more complex doing it for a company operating in 50 countries then doing it for a company working in one country."</p> <p>"So, for many large European companies it's a problem to change that mindset from following the rules to trying to break a rule to find something new."</p>	Change harder to achieve in big companies / Complexity	Size/Scope	Challenges
<p>"Digital Transformation is a C-level topic and it's a CEO topic. And if the head of the company is not all in, financially and time wise then it will not work. So, it has to come from top down."</p>	CEO Agenda	Dedication	Top Down Leadership
<p>"So, the important thing of the digital projects is always to start with the right vision and the right leadership support and knowing the right objectives why to do that"</p> <p>"They do not really know why they have to do it and why they need to do it." "Often many companies have this digital on their agenda. But they are only doing bits and pieces" you have to do it. They do not really know why they have to do it and why they need to do it"</p> <p>"So therefore I think it's really important to have a broad vision, a clear roadmap where I want to go that I understand that it's a long journey, its massive journey it's a massive investment, you're taking so it's not like building a tool here and there"</p> <p>"And if the CEO does not have a clear picture and if there is not a clear North Star where everybody can focus on and walk towards, it will not work"</p>	Clear Vision & Objective of DT / Understand the why	Inspirational Motivation	Transformational Leadership
<p>"And also, in the successful projects I observed that there is a high attention on change management so really taking care of what does it mean for my organization, what does it mean for people how would they be impacted et cetera."</p> <p>"And then it's really about the emotional, social competency I think that's really important especially when we talk about the different generations we have now in the workforce. There is a lot of rumors and fear coming with new technology and with changes in the business and the leadership really needs to be a mentor to them, understand their fears"</p> <p>"You have to trust people to do good work and you have to enable people that they can do the"</p> <p>"People need guidance where to go in go in which direction."</p> <p>"And you have to support them when they run against some obstacles. You have to help them removing obstacles and making their life easier."</p>	Care Taking of Individuals, Guidance and Support	Individual Consideration	
<p>"The project where it really goes well is first leading by example. I mean if you see the CEO and CFO has an interest in doing this and is even participating in status meeting even if it's not every status meeting but then there is much more attention also for the others to drive it"</p> <p>"He even wrote a digital manifesto. So, he introduced digital into the values and the mission of the company. He created a special place for digital. He is putting this pressure within but also communicates it externally, you can find the manifesto on annual reports, investor relations etc."</p>	Leading by Example and being a Role Model	Idealized Influence	
<p>"You have to apply an iterative test and fail and improve methodology."</p> <p>"You want people to make decisions in their area of expertise. And so, you have to allow them to make decisions themselves."</p> <p>"Need to give the people the ability to make their experience on projects to also give them the ability to make errors and to learn from those errors."</p> <p>"So, in the health center we have a very open and motivated curious and risk affine top management"</p> <p>"You need to be open for change. You need to be curious. And you need to be risk affine if you don't have these traits, it's very hard for you because you need to be comfortable with"</p> <p>"Of course everyone needs to understand his role but still you need to give the people flexibility to do something which differs from their role."</p>	Encourage own decision making, risk taking and new ideas, challenge status quo	Intellectual Stimulation	
<p>"It is important that people know what is expected of them, they need clear goals that act as a roadmap allowing them to do the best work. And once people reach the goals, you have to give them some kind of reward for their work, so they stay motivated and reward the progress along the way"</p> <p>"A lot of promotions. Many key individuals in the projects that were promoted"</p>	Rewarding employees for achievement	Contingent reward	Transactional Leadership
<p>"Well, it is also the responsibility of the leader to track the performance of the subordinates to make sure they meet the targets."</p>	Performance Tracking	Management by exception	

8.6 Interview Transcripts

8.6.1 Interview 1

Speaker 1: Hi thanks for taking part in my interview today for my master's thesis. The interview will last about 30 minutes. And with your agreement I would like to record it with the help of a mobile phone. All information will be treated confidentially and only for the purpose of this study. I also guarantee the anonymity of the interview so no names will be displayed, and you can withdraw from the interview at any time. If you agree that I record the interview and to use the data, then I would like to have your permission now.

Speaker 2: Yes, I agree.

Speaker 1: Okay. Then I would say let's start as I said in the next 30 minutes, I will ask you some questions. The topic is digital transformation. Precisely I would like to gain a deeper understanding of different factors that could influence the outcome of digital transformation projects. So first I'm going to ask a little bit about your current role at Accenture and second I would like to discuss some factors that are related to digital transformation projects you have been involved with. Do you have any questions or doubts?

Speaker 2: No not yet. So, I will try to keep every answer very short as we have only 30 minutes. If you need more let me know.

Speaker 1: Okay. Cool. Thank you so much. so just to get started, what is your current role at Accenture, what do you focus on?

Speaker 2: So, my current role actually is two roles, one is being the strategy lead of Austria and the other role is being the European lead for our sourcing and procurement strategy practice. In both roles actually there is a lot of topics in digitalization as you can imagine. I mean the sourcing and procurement role focuses more on the automation and digitization of the function itself. In my broader strategy role in Austria I'm also covering topics like digital growth strategies and talent and organizational impacts as well.

Speaker 1: That sounds very interesting. Thank you. Okay let's talk about some digital transformation projects you carried out. I would like to talk about one that you would say went well, and one where you would say some difficulties or challenges were encountered and was more difficult to carry out. Do you have two projects?

Speaker 2: I mean actually most of my projects went well but nevertheless I mean you're really hitting the right point. So, the important thing of the digital projects is always to start with the right vision and the right leadership support and knowing the right objectives why to do that and how to achieve it in a broader context. So that's one thing and the other thing what is really a key success factor is about the change management in such projects so it's much more important than years ago. I'm doing consulting now for 20 years and change management was always like a little part which you had in a project, but it's never been so important as of now. So why is that? Actually, one of my recent digitization projects or transformations was more from a functional perspective, the overall objective was to gain efficiency in the procurement organization, to significantly improve efficiency by roughly 50 percent which is a lot. And being able to transform the function to deliver more value to the overall company. So, going away from a kind of process-oriented function to a value led function and I think you can easily translate that to any other business function. Everything today is really about becoming value led because all of the transactional operational work will be automated rather sooner than later.

And you have to think about in the function what is your value added. And that is far more than you would be doing today if you translate it back to procurement for example the last 20 years you would have measured savings, going forward it's really about top line impact. So how can I bring an innovation to even grow my business or to bring in new insights. And so that's a bit the story behind if you put it in the broader context. Beyond the whole business we are talking about new business models which we do also quite a lot. That many big companies especially face the challenge that they are not agile enough, they cannot respond to the customer needs anymore. Especially for the big companies that is true. And therefore, they are looking for new digital or digital operating models or business models. The projects actually that went well. I mean let me think about it. What are the key factors?

I mean the first thing I would really say it's important that you spend enough time on describing what you really want to achieve.

The biggest challenge or maybe I mix it already a bit with the challenges, but the biggest challenge I see is very often that many companies have this digital on their agenda. But they are only doing bits and pieces. And I mean they can be successful those bits and pieces but at the end of the day the project will be finished, and nothing will change. It's just kind of proof of concept but it's nothing happening. So therefore I think it's really important to have a broad vision, a clear roadmap where I want to go that I understand that it's a long journey, its massive journey it's a massive investment, you're taking so it's not like building a tool here and there.

It's really thinking about the whole business agenda be it from profitability perspective but also growth perspective but also sustainability, customer perspective or trust perspective. And if you do that and if you have a dedicated person driving that from client side and have top leadership attention then I would say that that's a good foundation for a successful project.

And also, in the successful projects I observed that there is a high attention on change management so really taking care of what does it mean for my organization, what does it mean for people how would they be impacted et cetera. That's definitely one of the key things of successful projects and what else? Yeah that's roughly the high-level overview.

Speaker 1: Well let's talk a little bit about the context of the clients. In your successful projects did you feel size is actually a factor influencing digital transformation success. Was it a big client in terms of employees or was it a smaller one?

Speaker 2: Actually, all of my projects I did were for rather big companies. So, really big clients, normally DAX companies, with 6,7,8+ billion revenue. I mean there it's definitely more challenging in such an environment because the change is much harder to achieve. In a smaller company that has like hundred people, I would imagine and to be honest I don't know that because I haven't done it in a small company, it's much easier because only if I think about one of my recent procurement digital transformations, only for procurement globally, I have already 200 stakeholders. And the big challenge is that you do not only need your function you also need the integrated businesses. And I mean that's only from the people and stakeholder side but then also from a technology perspective there is also a significant complexity coming with different systems, different landscapes, different requirements different specifics in different countries and so it's not that easy just to apply tax rules globally for example. So, you need a massive knowhow in all the areas of a digital transformation which is obviously about people, technology, process and strategy.

Speaker 2: OK. Thanks that makes sense since you said all your projects were kind of big clients. Would you say that all these clients face competition, or would you say competition was rather low?

Speaker 2: What do you mean, competition for the client?

Speaker 1: Yes, exactly. From the company perspective.

Speaker 2: I mean. Absolutely. I mean that is actually a very good point. All my clients face competition and that is really forcing them to engage with Digital Transformation and to become more digital. I mean what is now adding complexity is really what I said in my introduction about the customer requirements. If you have big consumer goods-companies, they are now already facing the companies that have been profitable for the last hundred years. For example, in the food industry I have a client who is now facing the challenge that people want sustainability and sustainable products. But they do not want to pay for it. And the question here is really who is the fastest to respond to those new requirements in the market. And that's actually something all those companies want to address with digital, but the challenge comes now. And I had a presentation yesterday actually where I talked to a company in Amsterdam. We are already in the post digital era how we call it. It's not that everybody is digitized already, but digitalization is no longer a competitive advantage. All the technology from a digitized perspective I would assume, and it's not fully true, but it's there. So, it's not that you will have kind of digital solution which nobody else could have; everybody can have it, but the big difference now is really how you use this digital technology in combination with your staff and with employees. The interesting thing will be really who has the right talent to be able to translate the insights you gain with the digital technology into a competitive advantage.

Speaker 1: OK. So, would you say that that makes a difference whether your clients start a DT or not right? Competition is one of the reasons you would say right?

Speaker 2: Yes, I mean though the success is not about doing this project right. That's the success of the project. But the success only comes with the impact out of this project. I mean it's only worth it such a project if at the end of the day you realize you made a difference, you have a competitive advantage or you can attract more customers or you can generate more profitability or generate new revenue streams. At the end of the day this is defining success, and this is I think also a challenge for many companies that they do not think far enough. Everybody wants to do digitization. But the biggest problem I have seen, and things change now and improve a little bit the last two years, I've seen many companies being digital for the sake of digitization because somebody said you have to do it. They do not really know why they have to do it and why they need to do it - Otherwise they would completely lose traction in the market.

Speaker 1: OK. Let us go back to the projects, you just said most of your projects were successful. But would you say that the context in terms of size, competition or scope of operation made it harder or easier for the client to really implement the digital technologies and to carry out a project successfully or not?

Speaker 2: I mean definitely there is. Certainly, size brings complexity right, that's why I said it might be easier for smaller companies. But at the end of the day it depends a lot about how you structure the project. Which people you have in place and how much dedicated the people are. If you have the right people from client side dedicated enough. And if you give it the right priority then I mean you definitely can manage that. Definitely it's much more complex doing it for a company operating in 50 countries then doing it for a company working in one country. And I would say companies that are facing more pressure in the market actually put a higher priority on it. So therefore, it might even be smoother or better to implement it. Other companies that just do not have a real clear vision and just do it that they also can say I have done it there might be a terrible environment for somebody to work with.

Speaker 1: I would like to go a little bit deeper into the leadership team. So, in your projects I want to talk about the first one you said was very good and the other one which was not that good. And I would like to see if there were any differences in the leadership team. So, my first question would be how did you feel that leadership approached digital transformation?

Speaker 2: So, I mean the key is really that those projects need to have a top-level attention. I mean it's always easily said but I mean in those projects it's really about changing your company's culture or embedding new business models, so you really need high level attention. And I have seen many companies actually now creating in their organizational structure next to the established organization also kind of digital transformation leads. So, kind of project organization which drives the digitalization of this company. If this is set up properly, this actually helps a lot. I mean there are still a lot of other challenges but that is really key. And if you do not have that and unfortunately I had quite some projects where project leadership was not hundred percent clear, is it more driven by the business or by I.T. or more by any function and the governance was not clear for any requirements or decisions then this is really terrible.

And then it comes also to the point that you need the leadership also as kind of change agents and the leadership in each of the countries, if we talk about global companies, that motivate and convince the people that you are doing the right thing. Otherwise it always depends on the structure of the organization obviously. And who is holding the PNL in the countries but it's always hard to convince subsidiaries in the countries and therefore it needs to be very clear who sends which message who can decide what, because here people do not speak all the same language, you need immediate access to the top leadership because there are really significant decisions you have to take on a short notice, partially.

Speaker 1: And did you experience differences here in the projects? So that maybe in one project the leadership team was more dedicated and had a clearer vision and in the other not?

Speaker 2: Yes as I said I had those projects with those kind of digital transformation leads supported by the top management and I also had other projects where it was on the agenda of top management but not really the highest priority probably, and the governance below was not hundred percent clear because nobody was hundred percent clear who should take responsibility. Is it business, IT, what is it? Which kind of project? And then actually you are losing a lot of time in trying to get decisions, alignments, you cannot just call the CEO every day. So, you have to wait for two weeks. And that is actually not only delaying the project it's also impacting the people, the

stakeholders itself so that they get kind of frustrated and then at the end of the day build a resistance against this project and then you are close to fail I would say.

Speaker 1: Interesting. And how would you say did CEOs or other leaders engage and motivate their employees? Did you see any difference in doing that or what would you say was the best approach that you saw?

Speaker 2: I mean depending on the kind of the project whether it's a function or its really having impact overall then obviously you need the CEO or CPO or whatever.

The project where it really goes well is first leading by example. I mean if you see the CEO and CFO has an interest in doing this and is even participating in status meeting even if it's not every status meeting but then there is much more attention also for the others to drive it. I've also been doing projects where actually the CEO or CPO has been informed every six weeks about the progress of the project and actually in the organizations which we see currently all the people are fully loaded with whatever kind of projects, so nobody is just waiting for another one, and I mean they are losing attention or losing interest. I have seen that, how it goes down or how the challenges come up. With one of my recent clients, I have this situation where I actually brought the CPO back into the status meeting because I said otherwise, we fail.

Speaker 1: OK. And also, to what extent did the leaders cooperate with different stakeholders like partners or consultants in your case. Would you say that this also does influence the success or the overall performance?

Speaker 2: Yeah, I think the important thing is that you as a company have to take the ownership. I mean the worst examples are where you say this is what I want to do, this is what I want to change, here is the external consultant please go. I mean at the end of the day in the ideal case the external consultant is just supporting the internal organization.

At the end of the day it's their organization you're changing and it's their business model they are driving. They need to drive forward and we definitely can bring in knowledge from project management from technology from change whatever.

But the worst thing is really when you have the feeling that the client is kind of leaning back and lets you go, because you as a consultant not have the power to influence all the people in the organization. And therefore, this is really crucial. Many clients tend to this direction that they have a third-party consultant in and then let them do everything and that's exactly what's not working. If people in the organization realize we want to drive that and we are supported and coached, then I would say that's a better set up for success.

Speaker 1: Yes. OK. Thank you. And one more thing regarding the leadership. Could you identify top three competencies of leaders that would you say are crucial in these times of digital transformation to successfully lead it? You were talking about enablement, coaching, vision. Right? So, would you say that there are some that are very important?

Speaker 2: Actually, one point is definitely that I would expect leaders now need to understand at least high level of what digitalization can really mean and bring. I mean not expecting that somebody would understand each software piece but really to know what is out in the market and what's possible. And what opportunities are opened up with all these digital technologies that can also drive innovation for example for my business. So that is definitely still lacking on quite some top management levels, I mean it's significantly improving but it's definitely something. And then it's really about the emotional, social competency I think that's really important especially when we talk about the different generations we have now in the workforce. There is a lot of rumors and fear coming with new technology and with changes in the business and the new leadership really needs to be a mentor to them, understand their fears. Also be able to give the people a vision why we do that, where we are heading to, what that means for the people, how I can grow the people, how I can change skill sets of all the people and why they have to change etc., So that's also definitely something and then I think the third thing is really that they - maybe not everybody but I would assume many of them can do that anyway - It's really about the network, they need to be able to work integrated and act in an ecosystem how we like to call it.

So really understand it's no longer only about my organization and my suppliers and my customers it's much more. It's really that more and more is getting interlinked. Chemical Companies need to work with I.T. companies now and whatever, so it's all coming together. People get more and more IT-affine and many even chemical companies

are producing software now to promote their products by, I don't know, measuring or providing software that helps you to identify the right chemical in your chemical plants or whatever. So that is something where they really need to be able to lift this ecosystem and adapt to new structures, new industries and to completely broaden up.

Speaker 1: Thank you for that. And one last thing if you had to give a key advice to organizations before they embark on a digital transformation project. What would it be, what would you say they have to consider that makes them more successful?

Speaker 2: I mean we are living in a fast-moving world now right. Everybody wants to do everything now in two weeks but actually from my perspective and from my experience in the meantime I would say take enough time in the beginning to create your vision and your roadmap and what you really want to achieve with it. So rather take a week or a month longer because this will save time later on in the transformation itself. So that's probably the key advice. Because I see many companies creating the vision within two hours and then start the journey of three years and then getting stuck and lost within three months. Rather invest the time to find your vision and clear road map, to find clear measures what you want to achieve not only long term but also which quick wins you'll want to achieve to be able to show kind of success stories in your organization and beyond. And moving from there, nevertheless also being flexible enough to adjust during the journey because it might, in our times in one year from now, there might be completely new customer requirements out there right.

Speaker 1: Nice thank you. So, is there anything else that you would like to share with me which you say is something that we left out or you want to add?

Speaker 2: No, I think that was it. If there is anything from your side let me know. I hope I could help you a little bit. I mean it's quite a complex topic right. So, I mean we only touched high-level here.

Speaker 1: Yeah, I know but interesting insights.

8.6.2 Interview 2

Speaker 1: Hello. Thanks for taking the time to participate in this interview for my master's thesis today. It will last about 30 minutes and with your agreement I record it with the help of an electronic device. All information will be treated confidentially, only for the purpose of this study. Also, I guarantee the anonymity of the interviewee. You can withdraw from the interview at any time. Do I have your permission to record the interview and use the collected data for the purpose of this study?

Speaker 2: Yes, go ahead.

Speaker 1: OK. As I said the next 30 minutes, I will be asking you questions. The topic is digital transformation. And precisely, the goal is to gain a deeper understanding of what factors influence the outcome of digital transformation projects. So, first I'm going to ask you about your background information and your current role at Accenture. The second part is that I would like to discuss some factors that are related to digital transformation projects you have been involved in. If you have any questions or doubts let me know if not, then we can get started.

Speaker 2: Yeah. Please go ahead. Sounds good.

Speaker 1: And so just a little warm up can you tell me a little bit about your current role. What do you focus on at Accenture? What are you working on right now?

Speaker 2: Yeah, I'm currently a senior manager at Accenture. I'm working for Accenture strategy. So, my main task is to identify and shape transformations. My area of focus is growth and innovation strategies. So essentially all the initiatives that help our clients to grow but also improve the current business with digital activities. So strong focus on digital transformation, the impact of digital, what is the value that digital can bring to our clients and what is the best way to design digital transformation.

Speaker 1: Thanks that's very interesting. Since you already gained a lot of experience in digital transformation as I could see, could you provide some insights on recent digital transformation projects, maybe you have one in mind which you say was very successful or easier to implement. And then if you could talk about one that wasn't

so easy or where you face some difficulties in carrying it out. Would be nice if you could share some information with me.

Speaker 2: So, there is no easy DT. Why is that the case? Because digital transformation from my understanding, is the complete change of how a company is doing business. Doing business to their customer, doing business internally and digitizing all the activities. And to be successful with a digital transformation you also have to change the way you work. You have to implement an agile working mode.

And when I say agile, I mean in the technical way that you have to apply an iterative test and fail and improve methodology. But also, you have to have a cultural change in your organization to make this happen. And this is the hard part, the hardest part in the digital transformation. It's basically a cultural transformation that you have to achieve in your organization. And if you don't do that your digital initiatives will fail. They will not bring the benefits that you want and your employees and potentially your customers would not be happy with the result. So that's why I'm saying there is no easy digital transformation because transformation means cultural transformation. And that is an inherent difficult task. Where we see some easy things is if you want to bring out a new product line in a spin off company then you can do that quite fast that might be easier or if you want to implement one single tool in one department. That can be fast and easy. But that's not what I call a digital transformation, it's a small pilot.

Speaker 1: Yeah. Would you say that there are some factors connected to digital transformation especially context wise such as the size of the client or the competition the client faces that makes it more likely for the client to digitally transform itself? For instance, according to literature it seems that bigger companies have more resources, more knowledge, more financial opportunities. It says that it's more likely for them to innovate for instance, would you agree on that?

Speaker 2: So, based on my first statement digital transformation is a cultural change and it's a holistic transformation that addresses the whole company. Digital Transformation is a C-level topic and it's a CEO topic. And if the head of the company is not all in, financially and time wise then it will not work. So, it has to come from top down. It's definitely a CEO agenda. And if the CEO is not in it will not work. That is one of the success criteria.

Speaker 1: Did you experience some projects where it wasn't the case or where you said the CEO was more dedicated than in others?

Speaker 2: We see it all the time. The CEO says I have a guy and he is responsible for the digital stuff and he should do it. We have a CDO. It's very nice and the CDO would do something, would found a department and we'll do some stuff but it will not be a holistic transformation. It will always end at some point where the other C-level areas say okay it's nice that the CDO is doing stuff, but he should be in his playground or her playground and I'm doing my stuff here. I do something digital myself. Maybe I use them a little, but I work on my own agenda.

Speaker 1: So, it's often that the CEO gives the responsibility to someone else and then it's very likely to fail?

Speaker 2: Yeah absolutely it will. It will get stuck. At some point it will get stuck and it will not bring the benefits that were assumed at the beginning and I wouldn't say that, you mentioned size. I don't think size matters here.

Because I've been working with huge companies and they only got started once the C levels were in. Before that they had problems in approaching it. Little here, little there. Once they started from top down it was a very large German utilities company in 12 countries, then they lift off and it started working. They had a commitment from all the other departments very slowly because you're basically breaking up the power in the company with digital transformation because you change the way people work. And this is why I'm talking about the cultural change.

Speaker 1: OK. And you were talking about twelve countries your client was operating in, because according to literature also it says that the more internationally focused or the broader scope of operation the more likely to innovate since it develops more broad knowledge can get more differentiation. Did you also make any experience regarding digital transformation on that?

Speaker 2: It's interesting that you are drawing the comparison between innovation and digital transformation because I think there is a link or there might be the links between it. So, for example digital transformation needs

change. It needs change in how we address customer needs and how we address user experience. And that leads to an innovative approach of creating experience, customer experience or user experience. And so, I believe that innovation and digital transformation are connected. And also, being innovative needs a new way of seeing the world. Looking at the world seeing things.

And if you are in a very bureaucratic company and you only do what you were told to do, you're not going to be innovative. So, for many large European companies it's a problem to change that mindset from following the rules to trying to break a rule to find something new. Because that's not how we are taught to do work. But that's what you need for innovation and Digital Transformation. So, there is a clear link between innovation and digital. The literature that you referred to is probably applicable in this context.

And I'm coming back to my core statement. It's a digital transformation while there is a lot of innovation you have to do, it's a lot of organizational change that you have to do, also to be more innovative, is a cultural change. And large companies usually have a stronger culture that's harder to change than in smaller companies. Because it's just not that many people you have to convince to change. And if you have a company with 20 people you can reach them faster than having a company in 12 countries with 30000 people. To reach a significant amount of people to create a culture of change it would take much longer.

Speaker 1: And probably also if you think about competition, the more intense the market or the more competitive the market, for clients it's more important to innovate and to transform digitally?

Speaker 2: Yes. If you have a fast-moving market with a lot of competition, you are already more flexible in how you do business because you have to adapt faster. And your organization has to adapt to new circumstances. If you are in a protected business for example energy, it's a heavily protected regulated industry so you are not thrown to changes. That's probably a Key factor for your organization and your capability to start and successfully conduct digital transformation.

Speaker 1: OK thanks. Regarding leadership you said it really needs to be on the CEO agenda. And when we talk about the projects you worked for already, did the leadership always define a clear vision? Was the goal clear and communicated through the organization? Did you experience some differences between projects that were more successful than the rest in terms of leadership?

Speaker 2: Yes, there is a huge difference. My first point it needs to be a CEO agenda. And if the CEO does not have a clear picture and if there is not a clear North Star where everybody can focus on and walk towards, it will not work. Communication is a huge part and the CEO cannot do it alone. The CEO needs to first and foremost get his or her leadership in place to follow them.

Speaker 1: How did they do it?

Speaker 2: A massive change program. You usually start with the leadership training where you bring in your top 20, 30 people and you create that vision with them together and then they are taught how this new way of working in this digital transformation works, what is their role, what do they have to demand from their people. What do they need to let go off from their past behavior and why this is so important? And only if they buy this new way, they'd be able to be good managers in the new way of working.

Speaker 1: OK you were talking about good managers. Did you experience any top characteristics or skills leadership today has to possess in order to drive digital transformations?

Speaker 2: In no specific order. You have to be a visionary. You have to create an organization of transparency. You have to trust people to do good work and you have to enable people that they can do their best.

Speaker 1: How is this usually done? Like in this project you worked. How did the leadership enable employees?

Speaker 2: So, number one we talked about direction. People need guidance where to go, in which direction. That's number one. Number two you want people to make decisions in their area of expertise. And so, you have to allow them to make decisions themselves. And you have to enable them to make those decisions. To create trust that they will not regret that decision. And in the past many times when people made a decision there was a blame game in the end whose fault it was. You have to encourage people making decisions in their area of expertise. And

you have to support them when they run against some obstacles. You have to help them removing obstacles and making their life easier because when their life is easier, they will be able to produce results faster which will create more benefits for your organization.

Speaker 1: So, would you say that roles and expectations of leaders and their subordinates have always been clearly defined? Was it sometimes the case that nobody knew what was expected of them, or which task was theirs?

Speaker 2: You mean successful transformations and not successful transformations? What's the comparison you drawing?

Speaker 1: Yeah that's exactly what I mean.

Speaker 2: So many of the successful transformation start in a very unsuccessful way. In a small core that has to work the way through the first months of transformation and then it snowballs into the whole organization because you pilot it somewhere. And the question is do you have enough backing in the company to create this snowball effect or will it die in the small core that you created. And for most of these organizations in the beginning it is people have to learn how to behave in this new setup what their roles are, what their activities are that they have to do, and this storming phase always happens.

You have the storming norming forming phases in development of the culture. This happens all the time and you can accelerate it by the percentage of people who have been in this situation. And this is where the consulting support comes in. So, you bring in people in a relation like 50:50. That have been through all of this. 50 % who have been through it, 50% who are new to it. So, they can basically take their buddy by the hand and then walk through it together and show them how it's done.

Speaker 1: So that's leading to my next question. The extent to which partners and other stakeholders are involved. Would you say that that's a very important key success factor for digital transformation that you really gain outside knowledge as well and involve different stakeholders?

Speaker 2: Yeah. So, when I hear partners, I think about two things. Number one no business is working alone. You always have partners that you work with in your supply chain, delivery etc. You need to bring the partners on board, if you need them in the future. If you don't need them in the future, you do not need them onboard in this transformation. And if you need them, they have to be involved. Otherwise you would lose them on the way.

The second thing is can you accelerate your digital transformation by bringing in people. Yes, as I mentioned before. If you bring in people who have gone through it, and that may be people you hire internally or people you get from consulting partner, all good. As long as you have people with experience on board.

Speaker 1: OK. A little bit of our personal opinions or suggestions so if you would have to give a key piece of advice to a client before they start a major digital transformation project what would you tell them?

Speaker 2: Find out why you are doing this digital transformation.

Speaker 1: So, to understand the need and the reason why actually they have to engage in this?

Speaker 2: Because from my experience no industry has an option. You have to do it. And if you want to be successful in the future you have to be good at this digital stuff. And if you're don't do it you will not be good in the future. You will lose market share and potentially the company will disappear from the market even in regulated or heavily regulated markets.

Speaker 1: And what is successful digital transformation for you?

Speaker 2: Value. Did you create the value that you wanted to achieve? Multiple ways you can measure that, its efficiency, time to market. market share everything. But in the end, it comes down to the value generated. You can also measure the happiness of your employees and your customers, that's all sub KPIs to value.

Speaker 1: OK. I might be jumping back but one question I have regarding leadership. Would you say or you might experience that leadership has digital skills? Is it important?

Speaker 2: It is an interesting question. My initial reaction is what's the job of leadership. The job of leadership is to create the vision and help people and to guide people where to go. Do you need technology knowhow for that? Probably. You need to understand the future of your business. And technology is a huge part of our business, of every business. So, yes you need some technology knowhow. Then the second was you need to enable people to make decisions. You need to allow that they can make decisions. For that you don't need to have all the details, but you need to have enough details to understand who's good at the job and who's not.

That being said you have test and learn feedback, and, in these tests, you'll see the results. So, it would be nice to understand the tests. For example, if you test a new tool with users and the users say it's not good. But then you will understand that it's not good. How to fix it? You don't necessarily have to know as a leader. So limited technology know-how in this area. So, to a certain degree, everybody has to understand technology, but you don't have to be an expert in all these areas.

Speaker 1: OK. So just to understand the differences between the project can you explain or talk about what were the major differences you experienced from a point of view that one client was more successful and the other one was not so much successful in reaching this value in the end what were the major differences in these projects?

Speaker 2: Transformations that manage the organizational change are more successful in the digital transformation than those who just focus on bringing in technology.

Speaker 1: Anything else or that's all?

Speaker 2: I would say that sounds easy. That's the hard part. Yes, it is usually the first budget that gets cut. Yes okay, cultural change we do that as well. And that's really the first mistake. I'm doing it as well. It means that it's a sideshow. So, you have to put this in the center. You need to understand why you're doing this. And then you need to understand what do the people need to do in the future. And then you can think of how technology can enable this, what new technologies do we have to make this happening. And if you follow these steps then you are in the right way of course you can accelerate by bringing in external know how, you don't need to reinvent everything in the transformation. There are many parts where you can plug and play solutions.

But the danger with plug and play solutions is that people need time to change and with plug and play solutions they have less time to change. So, for example if you bring in a new CRM system that changes completely the way a Company is doing marketing, you have to teach people how to use tools to create automated campaign for smaller target groups. If they are used to sending out flyers the same flyer to hundreds of thousands of people and that's how they do work, they will not understand why they have to run a micro segmentation and how to do a micro segmentation and why they need 50 different campaigns for just one thing they wanted to do. And then they need to learn how to use the tool for that. And then suddenly there is some feedback from our customers because they are going to a landing page. What do I need to do with that and how can I improve, what is the lesson that I've learned from? So, there is a complete change of how I do my work in the future that comes with implementing a new tool. And if you just drop the tool to them and say look here is the tool here is the manual. They would reject the tool. They would use it the way they feel like from the old mindset and it would not bring the benefits that you have.

Speaker 1: So yeah now I understand why you said it sounds so easy. It sounds really easy but in the end it's very hard to implement this change and everybody accepting this change especially in large organizations.

Speaker 2: Change is the process. And it's not an end state that you can describe. Because digital is a supporting technology. And to use this supporting technology as good as possible you have to have an agile organization. So that's why in the beginning we started digital transformation. Now it turns out that the agile transformation part is bigger than the digital transformation or more impactful than the digital transformation.

Speaker 1: Why do you think?

Speaker 2: Because digital is a technology, using tools to do stuff faster and with a better performance. But for the implementation of these tools you already need an agile mindset right. Because agile means you would change stuff continuously. That's behind agile; change the way you do stuff frequently. And this is how innovation develops right. So agile is a very structured process.

Speaker 2: Changes coming from implementing these technologies. I would be careful not to have the self-fulfilling prophecy. You don't change because of digital. You change because you need to be more flexible in how you do business in the future why? We live in an environment that changes faster than before. One of the reasons is technology. And the reasons are verticalization of industry, it is globalization etc. So, we're living in a faster paced environment. That's why we need to be more flexible. And that's why we want a cultural change. Digital is one of the key drivers why everything changes so fast.

8.6.3 Interview 3

Speaker 1: Thanks for participating in this interview today, it will last about 30 minutes. And with your agreement I will record it with the help of an electronic device. All information will be treated confidentially and only for the purpose of this study and anonymity of the interview will also be guaranteed and you can withdraw from the interview at any time. If I have your permission to record the interview and to use the data, please let say yes.

Speaker 2: Yes.

Speaker 1: So, as I said I will be asking you questions on the topic of digital transformation and precisely the goal is to gain a deeper understanding of which factors influence the outcome of digital transformation project. So, first as a short warm up could you please tell me a little bit about your current role at Accenture. What do you focus on?

Speaker 2: I am leading Accenture Interactive Austria.

Speaker 1: And what is your focus what projects do you have in this function?

Speaker 2: So basically, if you lead a unit you don't have too many projects. There is only one project for where I am a little bit stronger involved which is within the health industry for a Social Security company where we are managing the digital transformation

Speaker 1: Sounds interesting. And can we talk about two projects you have in mind you carried out in the past? You can talk about one first that went very well, or which was more successful maybe than another one which was maybe more difficult to carry out. So basically, if you just could make this comparison between two projects. What were the challenges?

Speaker 2: So basically, the two projects are not comparable to each other. Because of different industries different backgrounds and different objectives. But I am understanding your question about which are the success factors for a positive outcome in a digital project and which are which are more the barriers that we experienced at the client during the digital transformation project, right?

Speaker 1: Right exactly.

Speaker 2: So basically, let me start with the one that was quite complex and challenging and the barriers that we identified. So, when you do digital transformation and you do that on a global scale, you will face difficulties not only within the organization that you are serving. One example was a consumer goods company that we were serving because and there were a lot of politics on each area, but we also faced roll out challenges. To give you an example: if you are doing projects on a global scale for the European and Anglo-Saxon companies you mostly use Google services et cetera right. However, these Google services are blocked in China. So, you need to find ways to think global and work local.

The biggest challenges that we faced was that unfortunately we had a Project Manager on the client side, which was quite old school oriented, came from an old school marketing background and was not really familiar with digital technologies and how you deliver digital projects. So that was the client with the project manager on the

client side which was very difficult for us. So how did we resolve that? So frankly speaking I went to his boss told him that there is a risk of not meeting the target. And we need to find a way how we can replace a project manager with one that is more digital native and really understands the things that we are talking about.

And if we do a digital project for that was a rollout of an intranet website it is not about discussing the colors and themes and CSS. It is more about bringing the content into a structure that needs to be scalable for the globe right. You need on the client side definitely a person that understands the topic.

Speaker 1: Was it also the CEO or are you only talking about a project manager specifically right now. Right? So not the overall CEO of the company?

So, CEOs discuss that during annual meetings or whatever, but no CEO really gets involved into the execution of a project. However, my counterpart was CDO level. But the CDO did not execute the project. It was his project manager.

Speaker 1: So, wouldn't you say that if CEOs are more dedicated in this kind of transformation or projects it would be helpful for projects in this case to be carried out?

Speaker 2: You're right. But you are mixing up two things right. The one thing is the dedication and the commitment of the C suit to support this digital transformation to own that and to give you also face time to go with them to jour fixes etc. This is definitely required and to have the possibility to address all the topics, but a CEO will not execute the project. They will not manage the timeline. They will not manage your budget. He does the steering.

Speaker 1: Yes. OK. And you were talking about one project that was very difficult to carry out. You said it was mainly because of the project manager, so overall was there an understanding of the change? Did people understand why they have to change or what the outcome of the project will be or was did not so clear?

Speaker 2: It was clear, but the approach was not in favor on the capabilities of the project manager. For example. If you do a successful digital transformation, there are three factors that are required. One is technology. One is skill set and one is processes. These three if you multiply them all by all you get great results. However, if you have one factor within this equation which is not performing, which is zero then the progress will be zero. Right. Yes. So, you need to manage all those three success factors.

Speaker 1: And what do you mean by processes exactly?

Speaker 2: Sorry I didn't get the last question.

Speaker 1: I was asking what you mean by processes. You said processes and Skills.

Speaker 2: Yeah. So, there's a famous Quote that I just read again over the weekend it was from the CEO of Telefonica and his quote was "Wenn sie einen scheiß prozess digitalisieren dann haben sie einen scheiß digitalen prozess".

If you do a digital transformation you should not build the processes that you have on a new platform, but you should also think about changing your processes to be able to deliver the experience for your customers.

Speaker 1: And in the other project you said which was more successful. And how was leadership engaged in this project what was the difference between these two?

Speaker 2: So here again we had access to the leadership we had daily weekly jour fixes etc. But here we found a really dedicated project managers, also people who are very knowledgeable on the topic but very challenging on the agenda itself but also helpful in bringing things forward so what I understand from your questions and the direction that you are heading it looks like that you want to say that digital transformation is important Based on the involvement of the CEO.

Speaker 1: I want to see which role leadership plays in order for digital transformation to become successful.

Speaker 2: Exactly. And leadership clearly has a very strong impulse and impact on that especially if they get themselves involved. However, the leadership must also ensure that his organization has the people that can carry out these kinds of activities right.

Speaker 1: Can you give, sorry for interrupting but just that I don't forget it. Can you give an example of how leaders actually can achieve it? Like what is for instance a good vision? How do they enable people or support people in your specific case to deal with digital transformation?

Speaker 2: So basically, you need to put the right people on the right spot. And just because somebody has a Facebook account does not make him a social media expert or just because somebody is young does not make him a digital native. Yeah you need to have the right people in place to carry out this project and what is often very missing is that you try to fill up these roles in part time and for example there is a project manager that has some internet websites whatever for his wife or whatever these people are sometimes put into a position as a digital lead. Right. And it is very Frustrating for them and also for the people that you work with. If these people are not up to speed and are not able to deliver on the expectations that they have simply because they don't have the skill set. So, leaders must either upskill those people the committed people or bring in new people who can deliver on the activities that are necessary to make the project successful.

Speaker 1: By upskilling you mean for instance through workshops or online training and stuff, right? What do you mean?

Speaker 2: Mostly upskilling that's the soft thing. So, with a certification et cetera they need to give the people the ability to make their experience on projects to also give them the ability to make errors and to learn from those errors.

Speaker 1: How could a leader do that? How does it work?

Speaker 2: You need change management. It depends on the company right. First of all, you need change management because there are structures especially in German companies who are reaching for perfection. However, you will never get the 100 percent perfection and the people are not able to make exercises or explore possibilities. If you for example compare Google to Audi. In Audi the complete board or VW are all mainly engineers. These are the people striving for perfection or striving for having zero error tolerance right. If you compare that with the innovation teams of Google et cetera., I was there in May. There are people in the labs who have roller skates. There are people in the labs who are magicians. Because they bring a completely different attitude and perspective toward a problem.

Speaker 1: And how could leadership influence this just hiring different people who have this more innovative mindset or creating an organization of Innovative thinking.

Speaker 2: I think it depends on the size of the company. There are things that you can use two - tactics right.

First of all is merger and acquisition. Right. That's one example. That this company buys another company and tries to bring this change into the organization. This is actually what we are doing right now as we have this concept of culture of cultures and when we acquire a new company it's not that we go in and make a company a copycat of Accenture, we leave them within their culture and try to take the challenge that they are giving us to improve ourselves.

That's one option. The other option is that you create or set up a completely outplaced company. And when you set up an outplaced company you will ensure the funding as a parent company. But this unit can go out and explore and test. And then bring in the success that they're having in the market back to the organization. So, it's like an infusion. And the third thing is which actually fails a lot when you hire big change management programs and try making an innovation hub. Let's make an innovation team let's make whatever innovation things. These often fail because they are being executed in the same old structures and being evaluated on the same old success factors.

Speaker 1: OK. What do you mean by same old structures? Could you just give me a quick example?

Speaker 2: So, for example we have to set up an innovation team in the innovation lab. We design with them the innovation lab et cetera. So, what did they do? They took this innovation lab and said OK. For that we need a

department lead. This is the process where you if you want to get funding this is the process the approval process how to get to develop new ideas. This is the reporting structure that you need to report on the new ideas. And these are the success factors that need to be trained right. So basically, you are limiting the innovation power of the company simply by old structures.

Because the success for new products is very often time to market. But if you continue with the old processes that limit free and constrained attempt to market because you need to get approval here and there You are not entitled to do a decision based on your gut feeling. These are the old structures.

Speaker 1: OK thanks for examining.

Speaker 2: the companies which are quite innovative they say Let's try that. Let's bring it to market. Compare that or test that in a very small market, and then if it goes well, we scale it. Otherwise we shut it down.

Speaker 1: Yes ok. And can you just quickly go back to the context and look at competition and scope. That's what I'm interested in. Did you see or could you say from experience that it's easier for bigger or international companies and also for companies with more competition to innovate and to transform themselves digitally? Would you say that there is a connection between this or rather not?

Speaker 2: No actually I think for bigger companies it is very difficult to reinvent themselves. Is that your question?

Speaker 1: Yeah. Because for instance literature says the bigger companies have more resources like human capital, financial capital. So, for them they have more resources to innovate.

Speaker 2: Actually, what we are seeing in the market is that the benefits of big companies are not competitive benefits anymore because the reason for that is anybody who wants to start a startup just needs to secure its funding right. And as at this stage we have zero interest rates and the big venture companies are investing in startups because they have more potentials than investing for example in Mercedes and whatever.

It's not about the capital power, the capital power exists in the market much stronger than it was in the past and the companies right now based on cloud computing etc. they are easily competitive with big brands, they have access to data and they have access to computing power they have access to markets and they have access to talent and even easier access to talent. And that's why I would not find the argument that bigger companies have more assets than smaller companies. If you see the big companies that are now unicorns, they all have been created within the last 5, 10 years.

I mean there is one book that you can read Big Bang disruption. Everything is laid out there. So, I think you're going into more management old school literature, I would encourage you to go into also other directions. Unfortunately, I need to drop off because I need to go to a different meeting. Is there another urgent question that you would like to drop?

Speaker 1: One last thing if you could just tell me maybe three competencies that leaders should possess to drive DT forward.

Speaker 2: technology knowhow. Good people management skills but also combined with business understanding.

Speaker 1: Okay and one last question and then I'll let you go. How important is it to define key roles and tasks?

Speaker 2: It depends on your environment your acting, really depends. For old and big companies, you probably need the roles. Otherwise they cannot navigate, in other companies you can also work within agile teams where you have this team spirit, depending on the culture of the company.

Speaker 1: Thank you for your time.

8.6.4 Interview 4

Speaker 1: Thanks for the time to participate in my interview today. It will last about 30 minutes and with your agreement it will be recorded with the help of an electronic device. All the information will be treated confidentially and only for the purpose of the study. I also guarantee the anonymity of the interviewee. You can also withdraw from the interview at any time. So, do I have the permission to record interview and to use the data for the study Then please say yes.

Speaker 2: yes of course.

Speaker 1: Thank you. So, as I said the next 30 minutes, I will be asking some questions about the topic of digital transformation. The goal is to gain a deeper understanding of what factors may influence the outcome or success of digital transformation projects. And so first as a short warm up I will ask you about your current role at Accenture and your focus area. And then we go deeper into the topic of digital transformation. So, if you don't have any questions or doubts then I would just want to know a little bit about your career. What do you currently do, what is your focus area?

Speaker 2: So, my job title is senior manager for health and public service. I focus on supporting public service and health clients in the challenges of digitalization. My current focus is health. For the last four years I have been working with public health players mainly in Austria but also in Germany. This is my main and official role besides that I have other roles. I am the responsible persons for the Austrian research work that we do, we also do studies and I'm also responsible for management consulting in health and public service in Austria. So, these are the main things that I do.

And from a project perspective I have been involved for quite some time with the digital transformation of large public player organization in Austria and then focusing on supporting the digitalization of the health clinic. And besides that, the last year I have been also working with a large provider in understanding what they can do in terms of digitization and I will also tell you about the main scope or the main factors why they have been doing, and besides that I have had smaller projects mainly strategy work related to what public organization, ministries and related organizations can do and how they can use digital transformation. These engagements have more or less being focusing on two large areas. And that's also the areas where digitalization is focusing on.

It was either to make the interaction for the citizens for the patients for the insurance more convenient, less paper, more digital or more automatic and to improve experience and also to become more efficient internally. So, we have also been changing or gradually changing the business model, but this has been more of a visionary or more of a strategic area, where we really have been making change was the experience and the internal efficiency.

Speaker 1: OK and by business model you mean what precisely? So, to just better understand what you mean by that?

Speaker 2: For example, from being a health center that provides traditional medical services which is very common throughout the health system in Germany and Austria. You go to the doctor you make an appointment you visit him in his office you get the treatment you go home. From that, they are changing the way to work by adding digital services, augmenting the traditional medical service provision with digital services like making online appointments filling out forms online. Next step is that we provide the medical services digitally. And then the next step, but this is not yet done but this would be the third step this would severely change the business model is offering the platform for the digital services provision to third parties.

Speaker 1: Okay I understand. And what were the main challenges you experienced doing these projects. Were they similar, different?

Speaker 2: I would say similar and there are different areas. So, one huge area is of course regulatory. As we have different regulatory areas that we touch here and where we can see that the regulatory area is lagging behind the technical development. From a technology point of view, it is not really futuristic, the technology is very mature.

Speaker 1: And so, by regulatory you mean in terms of what?

Speaker 2: I had a technical problem. So regulatory is a huge problem as all of these services are very new from a regulatory perspective. So, for example providing medical services via Skype is from a technical point of view simple, but from a regulatory point of view very complicated because data protection is something that's especially important and there's not so much experience and not really well understood.

Then the Austrian Health Law and also the German health law is not currently accepting this type of service provision, starting slowly to change but currently it's not clear whether this has to be paid similarly to an in-house medical visit.

And then what we've also seen is from people spent point. For the patient, it's not a huge change. The barrier is quite low. Of course, it's a change but the barrier is not so high, going from video chat interaction with relatives and friends to talking with a doctor. People are used to have wearables, to have watches that are electronically and measure parameters. And for them it's not such a huge change to have a smart blood pressure tool that's similar to a regular blood pressure tool. So, the change is still quite low. But for the medical personnel it is a huge change because they have been working like this for the last seven hundred years.

If you look how doctors worked in the Middle Ages more or less, they are still doing the same. Having some technology now that assist them but basically doing these assessments, looking into the mouth all of this has been done since the middle ages, and I'm not speaking negatively about them but for them suddenly not being able to touch the patient and also becoming more flexible also from an organization point of view, suddenly the doctors are able to work independently from their location, they don't need to sit in the office when the patient is also not sitting in the office. So, they need flexible working models, need to change the contracts, infrastructure and so on.

Speaker 1: So, what I understood it is really an organizational change. And it's also affecting especially the people working in the organization. And what I already understood from previous interviews and also from reading articles it's really like that the leadership is very important in order to drive digital transformation. So, my interest would be how did the leadership in your case and your projects approach this topic? Were they dedicated to it? Were they supporting their employees? How did they respond to this change and how did they lead this change in the organization?

Speaker 2: This is the moment where everybody would cite Peter Drucker. Yeah, it's basically true in every project and every strategy work and every change work. Of course, it's a question of culture. And you can have the best tools you can have the best strategy, if the culture is not there, then it's very hard for the people to change. So, in the health center we have a very open and motivated curious and risk affine top management.

But then below them the middle management were still old-school. There was a huge resistance to change. They were not convinced. They said it's not necessary. We don't need that. That's bullshit. We don't see the benefit. And then you have a huge resistance. And then of course you have the complexity of defining the business requirements in introducing the technology. But in the end, the challenge in digitalization are not the tools. The challenge is the people and the culture and of course the law, the regulatory.

Speaker 1: That's very interesting what you say. Do you have an example of how leaders tried to convince or motivate more resistant middle management? Did they do something specific to change that?

Speaker 2: You can motivate the people and of course we motivated them by showing them our ideas and involving them in working together to change the processes to define how they want to work. So, we really involved them

in defining how they want to work, what's relevant for them to let them prioritize and also to make them the owners of the change.

Speaker 1: So that was your role as Accenture. But the top CEO or the leadership on the client side how did they engage with their employees?

Speaker 2: Well they underlined the relevance. Mh, I am thinking.

Speaker 1: Did they have for instance a clear vision spread throughout the organization? So, everybody understood it?

Speaker 2: Yes, yes. But it was not accepted by everyone. I think it was more accepted or acceptance was higher amongst the people who should work with that, who see a benefit to their daily work. But the middle management was not directly affected or maybe was in the short term negatively affected because in the beginning you have to change, or you don't understand how to use the tool and then the tool is not mature enough. And then you see that you have more work. This increased the resistance. They left and the management got new. Hired new employees as middle management who were more open and came from this background.

Speaker 1: And did you also feel that the leadership created an environment where it was allowed to fail or to experiment?

Speaker 2: Well to a certain extent yes. But I also need to say that I don't have too much insight to the internal communication. I would say partly yes. But it was more a way of, I would say that people were not really the right people for that.

Speaker 1: And from your experience could you also maybe identify competencies that leaders should have in this digital age today?

Speaker 2: Well. So, I would say it's besides competencies you need a certain mindset. You need to be open for change. You need to be curious. And you need to be risk affine. If you don't have these traits, it's very hard for you because you need to be comfortable with uncertainty. Now this uncertainty can be very tough. Because I would say the old system was that everything was plannable and everything was long term, and this is less and less true.

And therefore, if you don't have that mindset that you start something, and you don't know where you will end, and you see gradual results but you still don't know whether you're going the right direction or not, and you need to be able to manage this uncertainty reduce the risk but still you always have a risk that you are on the wrong track because you're moving so fast that you're not entirely clear whether you are in the right direction whether everything that you assume is correct. It's a very big change for people from an older generation. And therefore, from a top management perspective you need to be able to understand the ever changing more complex world. You need to be able to be very analytical in my opinion and understand what that means for you, to be able to abstract and reduce complexity. And you need to be able to communicate this to your employees. So, a digital platform is not a very simple concept. You need to explain and be able to explain this to a diverse group of employees.

Speaker 1: And did you feel that the leaders in your projects did that?

Speaker 2: Yes, I absolutely think so.

Speaker 1: And did you also feel that roles and tasks and goals were clear? So, was it clear in the beginning who has to do what? And would you also say that that's favorable for digital transformation projects?

Speaker 2: Well I think what you're referring to is more given the flexibility to people that they don't have a definite role. Yeah of course everyone needs to understand his role but still you need to give the people flexibility to do something which differs from their role.

Speaker 1: Well some questions relating to the context. All the companies you were working for they were rather big right?

Speaker 2: Always yes.

Speaker 1: Would you say that it's more likely for big organizations, so they have the resources, financial resources et cetera that they engage in digital transformation? Would you agree that that's true or would you say that's not the case?

Speaker 2: I think in my opinion this is a common misconception. So yes, I see or hear from the market that large organizations they start digital transformation or most of them already have one or two behind them and that small to medium businesses do nothing in this regard. I think this is one of the biggest misconceptions because digital is actually enabling everybody to become digital and in former times to have a state-of-the-art IT system required huge investments. And now everybody can have software as a service or infrastructures as a service. Everything can be rented; everyone can go to cloud providers. Everybody has a smartphone where you can run your business from. Everything can be done with minimum investments.

Speaker 1: Would you say that your organizations are in a highly competitive market?

Speaker 2: Well I'm into public service and in public service there is hardly competition of course. But still when you don't have competition you don't have to change anything.

Speaker 1: And one more thing regarding the scope of operation would you say that organizations that are for instance operating in many different countries would you say that or did you experience that the more internationally oriented companies are the more likely it is for them to engage in digital transformation?

Speaker 2: What I can say what's intuitive for me is that the more international you are, the stronger the competition is. Although I'm not entirely sure if this is really the case. But still, I mean can you be in an international organization when you're not fully or strongly digital? I'm not sure if this is even possible at this time.

Retail have a higher market pressure to ensure a great customer experience therefore retail and Consumer goods companies are usually quite good in this stuff. And for public service where is usually lower competition, they have pressure when patients are so used to this great digital experience from other industries.

8.6.5 Interview 5

Speaker 1: I would like to do it like this. So I prepared some questions that I'm going to ask you and you can just talk from your experience in digital transformation projects because my thesis is about this topic and I choose Accenture because first of all I was doing an internship with Accenture Austria during the summer and I already had some interviews with them. But I just wanted to dig a little bit deeper and that's why my professor gave me your contact. I'm going to ask you some questions and if it is fine for you then I would just start. Okay well so the first thing is can you tell me something about your current role. Is there any industry you're specializing in?

Speaker 2: I'm managing director for strategy. I am focused on what we call resources that is basically utilities, oil and gas, and also what we call technology strategy. So, these are the main focus areas.

Speaker 3: I am senior manager in strategy focusing on growth projects within digital.

Speaker 4: I am manager, also in strategy. I'm a generalist. I work mainly on the conceptual stages and lately I've been working more on digital strategy as well.

Speaker 1: OK. So, you all have experiences with digital transformation projects I assume.

I would just like to know some factors regarding the clients you had; what were their drivers for deciding to start digital transformation, what was the need? Did you experience kind of competition in the market, different consumer or customer expectations, behaviors? So, what was driving the decision for digital transformation?

Speaker 2: Basically, I would say to understand how digital can improve my core business and in fact unlock some opportunities in other kinds of businesses and also to change culturally in your organization. So, I would say at least two levers that I think are the main burning platforms for someone to do the digital strategy or transformation program.

Speaker 1: And that was a decision for starting this program, culture? You said organizational culture was a driver?

Speaker 2: Yes. So typically, these are very old fashion companies. Well some of them at least. And as they understand they need to change and they need to structurally change and that is only possible if you changed your organization the way you apply and the way you work, the way you organize yourself, the workplace well everything related to a different kind of doing things. And of course, how these digital could be applied also for operations for top line but also thinking how I can use digital for other kind of business as well.

Speaker 1: So, you said your clients were old fashioned were they big in size?

Speaker 2: I would say, we can say they're big. They are old and they're slow.

Speaker 4: But that's also because mainly those targets companies that we work for.

That doesn't mean that it's a reflection. So, the other ones will not come to us. On top of that the projects we recently been involved with in media and entertainment for example, there the push came from the market. It comes mainly from the consumers.

They know that they need to push with their digital strategies because of the new players. And that's also true in television. If you think about LTT.

And also, I would say that in banking which although it's an industry which has been doing transformation for a longer period of time. The cases where we work with them on these topics are more specific projects rather than the huge scale transformation projects. That's how it is here in Portugal.

Speaker 3: We talk about people; we talk about the core businesses because and the operations as well. So those are three key topics. And the other one is we are trying to identify which different areas of the business can they leverage away from their core. So, you think about EDP, they sell energy to you. But now they have a lot more than only energy, mobility health. So, they are trying to see how they can leverage the assets that they have. Leveraging digital. Providing you with additional services and products on top of what they do normally.

So digital is touching lot of areas. In the past it was more like digital is a technology, we put technology on top of the business. This will be more efficient, we'll sell more. It's not only that. That's why we're touching a lot of these points on people, on organization because you can only use digital and put digital at your service if you change a lot of things and organization and people is one of the key topics.

Speaker 4: You know at least digital was used mainly for efficiency right. Our methodology is very much saying that transform grow and scale where scale is the latest. And of course, it is the projects we want to work for because it's the ones which are about getting further away from business.

Transform is focused only on efficiency. How Companies can use digital, robotics automation etc. How that can be used to bring efficiency within.

That kind of creates you the money that you need to lift off to the second iteration. Then the second iteration is how you can provide a better user experience, for instance banks using websites etc. and the third one is the scale, and, in our projects, we are touching all of them.

Speaker 1: And would you also say that these companies you worked with have quite a lot of educated work force, diversity leadership and all these different resources you need for digital transformation?

Speaker 2: Well since the targets and so many of these emotions are the big companies as his Portugal is relatively small and the biggest companies typically attract the biggest talent as well or at least they have a highly qualified workforce. I would say that most of them do understand that digital is something they need to do. What they are lacking is how to do it. That's where we come in.

I would say that there are more skill sets and more competencies needed for digital transformation than they have right now inside the organization. So basically, if you think about data scientists the designers and that kind of stuff.

Speaker 4: if you asked them, they would all say yes, we lack the skills we can source them and most of them are sourcing them internally. If you go to LinkedIn, even for non-digital roles, what these companies are looking for, they would put digital there. What they would tell you is that it is hard for them to retain the talent. Retention is a big topic. Because they are able to attract them, but these are very liquid skills, and these people are moving quite a lot. Companies need to try to understand which skills they have inhouse. Because sometimes you will think oh its digital no one has these skills. But people can learn those skills.

Speaker 3: We have this topic here too. Scarcity of the human resources. And when we have it, imagine these companies. And also, you may go and search for this new skill set that these businesses are requiring. You have to know which profile you want and then you need to understand how to manage that profile. And these companies don't know how to manage it so that people can work to make the most out of their capabilities.

Speaker 4: In terms of careers there used to be vertical or horizontal careers. Many of these skill sets are not interested in getting to a managing position. People want to evolve in a technical level but don't want to become a manager. So, companies have to create new functions and new careers around these individuals. It is not about attraction. It is about retention.

You know they have the vertical or horizontal career certainly. You have many of these skill sets. I'm not interested in getting into a management position in slots.

Speaker 1: So, what did you experience were factors that increased the probability of the projects succeeding?

Speaker 3: one of the challenges that we had in the past few years to see companies going into this type of transformation programs, was that the leadership didn't believe in it. They knew it was coming, they knew there was something they can do with it, they did not believe in the power of digital it was only apps, mobiles etc. If you don't have the leadership giving the empowerment the company needs so that these types of strategies are putting into place nothing is going to happen. Either you have a C-level focused on making things happen and passing this message to all levels, or it is not possible for the company to transform and evolve, so leadership is important.

Speaker 2: Leadership is a key success factor. Bear in mind one thing because digital can be an opportunity but can be understood by some people as a menace. And so, if there is C-level sponsorship it becomes a lot easier to ignite the transformation. Typically, after projects our main concern is how after we leave, how the company will live and transform by using digital.

Speaker 1: And how did leaders show dedication to the transformation?

Speaker 2: So, it's quite important how the organization is mobilized in terms of communication. Managers were showing presence, and the organization understood that that was the way the group was going to.

Speaker 4: He even wrote a digital manifesto. So, he introduced digital into the values and the mission of the company. He created a special place for digital. He is putting this pressure within but also communicates it externally, you can find the manifesto on annual reports, investor relations etc.

Speaker 2: And one very important thing is also not only committing with words and appearance and communication but also with budgets.

From day one there was an allocation on budgets for the digital transformation. And this continues.

Speaker 1: And how did they motivate employees to achieve their results?

Speaker 4: A lot of promotions. Many key individuals in the projects that were promoted.

Speaker 1: And this was important for success?

Speaker 3: Well it is important that people know what is expected of them, they need clear goals that act as a roadmap allowing them to do the best work. And once people reach the goals, you have to give them some kind of reward for their work, so they stay motivated and reward the progress along the way.

Speaker: So, you said it is important to give them clear objectives. How can leaders ensure that people meet the targets?

Speaker 3: Well, it is also the responsibility of the leader to track the performance of the subordinates to make sure they meet the targets.

And one of the key challenges that you have to address in these transformational programs is to communicate well. In the old ways that we did consultancy the project was done with the C-level and then only broadcasted to the rest of the organization on small bits and bytes.

Speaker 2: For instance, in one organization they designed a program where everyone could have like a digital upskill. With a lot of events and training. There were some gamification effects of people attending these sessions and trying to propose new things and so on. It was very clear for everyone that that was the future and that was the way to go.

If you are in, you are part of the future if you are out you will have a hard time. Sometimes DT can start by small business unit, a small area. There are two things of approaching DT, like full-fledge and then there are other types where you go sideward, because every sector is different.

Speaker 1: Would you say that it's important that leaders also intervene once they see that employees are not going into the right direction or not reaching the goals?

Speaker 2: Ah well I'm going to share my perspective if the top level is not completely committed with digital transformation what is happening is that you have a lot of initiatives inside your organization with no clear paths, goals and perspective. And that creates a lot of frustration inside your organization.

Speaker 3: One of the things that you see when we approach the clients is that the C level doesn't have a full view of what's happening in the company even if it's a small initiative they don't have a full view of what's happening, they know that something is happening they all think that they are digital, they may be but they don't have a full view, they don't know how to measure it. They only see the results at the end of the year.

So, the C-level has to be engaged on what is happening, because what's coming now is transformation in all levels. Either you transform your operations or current business or are going into a new area where you are not the incumbent, because nowadays businesses are merging themselves.

Speaker 4: I see many times that we are saying there is a tool. If leaders are not users, people tend not to use it.

Speaker 2: And sometimes they do not understand what digital all is about. I remember one meeting with the board, the CEO asked what does MVP stands for ()

So, most of the times when I say it must start by them or they have to be the sponsors they must at least have curiosity to understand what that implies for the business. And most of the times our work is to try to upskill them before starting a digital transformation project.

Speaker 1: So, you upskilled the leadership?

Speaker 2: Yes. I'm pretty confident that the profile of the C level that we'll have in the next 10 years in the organizations will be completely different from the profiles that we have right now, because you cannot do anything if you do not understand the implications of technology

So, what that means is that I would say that people that will be in the C levels in the next few years will have a broader view about business and technology.

If they do not understand these kinds of things and most of the times, we are trying to explain things like for three years old to explain how things are because if they do not understand they will not succeed in this transformation in the company.

Speaker 3: It is interesting because sometimes the message will be too complex and they bring technology they bring organization, culture they bring all sorts of things and new business models that they don't know.

Speaker 2: The key point is that with top level sponsorship you scale digital inside your organ. Without direct c level sponsorship what you have is lot of initiatives inside your company that even the c-level doesn't know it is happening. It is hard for a company not doing digital nowadays.

Any capability you buy from a software vendor is digital native. You are working in cloud; you have teams collaborating in teams. So digital is not 0 or 1. It is something a company believes in. It can be something that happens, or it can be something you commit with.

Speaker 1: Okay. Generally, what were the biggest challenges for the client that you faced?

Speaker 2: To drive the organizational change. Companies need to build the behaviors that are required to enable scalable transformations. Also, just because everybody is doing it isn't a valid reason for such a transformation program. Communication as well, if you don't communicate constantly about the progress, the intended outcome and the challenges etc.

Speaker 4: And the technology as well as an enabler. It is easy to adopt the cloud, data scientists, but the other thing is to have it. So, you run your house already with your tools, and when we get there, we have something that is already there like an IT structure. Often there is a puzzle of old systems complemented with new ones and they need to operate together.

Speaker 1: How can leadership drive the success? What are important characteristics?

Speaker 2: Humility, curiosity, risk takers. Willing to learn. The traditional approach to growth needs to change. They need to realize one thing: It is not doing the same thing you did in the past in the more efficient way. Digital strategy is more when somebody understands the need to change and most of the times, we define with them what should be their goal, their roadmap. What should I change, how can I reconfigure my workforce? And then you need to bring this to life, and they are most of the times not prepared to do it. They leverage on companies like Accenture, to create these new products and services leveraging on new technologies and also on the profiles they don't have in the organization.

Speaker 3: Also, what is very important is the partnerships. You need to partner with other companies, consumers etc. in some kind of way. Can be a start-up, can be a tech.

Speaker 2: typically, organizations when they are starting, and they need to show results about digital they attempt to split the digital process in three parts:

Vision/roadmap where to go, then they do MVPs, a product not finished, low tech product, and then you concern about scaling these MVPs and put it inside your organization. And when they are starting, they forget about the last part which is crucial for capturing the value that digital have. Scale is the hardest part.

Speaker 1: What does scale mean?

Speaker 2: Scale is then when you target all your customers, all your employees etc. target new customers, you need to integrate new tools with old systems, change the process and the way people work, and all these changes happen in the scale part.