

Digital transformation

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Does talent assessment need to change?

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About cut-e's webinar

In today's fast-paced, technology-fuelled business environment, the demands on employees - and the way in which they work - have changed. What should organisations do to ensure their employees are ready to cope with the digital future?

To answer this question, Aon's Assessment Solutions delivered a webinar entitled Digital transformation: Does talent assessment need to change?, on 19 September 2018. Richard Justenhoven, Product Development Director at Aon's Assessment Solutions, was joined by the company's digital readiness experts John McLaughlin (Commercial Director) and Lena Justenhoven (Senior Consultant and Product Design Lead for Digital Readiness Solutions).

They examined the challenges and the opportunities of digital transformation and its impact on talent assessment. The webinar was attended by 500 participants from over 300 companies, across 45 countries. A recording of the 60-minute webinar is available via <http://infomail.cut-e.com/slt.php?t=3er6mi.hpe414>

This document summarises the expert advice and best practice tips that were presented. It includes answers to the questions about digital transformation and talent assessment that were raised during the webinar.

The context for digital transformation

It's often assumed that technological developments will have a detrimental impact on future employment prospects. However, the World Economic Forum¹, which runs the Davos networking event, predicts that automation will create 133 million new jobs globally by 2022. Admittedly, these gains will come with 'significant disruption', as 75 million jobs are expected to be lost. The displaced roles are likely to include jobs in accounting firms, factories and post offices, as well as secretarial roles and cashier work.

The Swiss think tank also claims that advances in computing will free-up workers for new tasks - and that robots and algorithms will 'vastly improve' the productivity of existing jobs in the coming years. Potentially, if the more mundane elements of job roles are automated, the remaining aspects of those roles could become more engaging. This highlights that there is a positive context for digital transformation.

When considering the future world of work, it's helpful to distinguish between the following three terms:

- **Digital revolution:** This is a descriptive overall term for the changes that are currently happening in the world, as we enter a new digital age. It highlights the digital disruption that advances in technology have created - and it alludes to the new challenges that are presented by today's changing work environment.
- **Digital readiness:** This describes whether an individual, a team or an organisation is 'ready' for the new digital world. It relates to how prepared and able people feel to work in an environment of constant change. It isn't about whether individuals have specific skills or knowledge, it is more about whether they have the willingness and ability to learn and whether they'll be flexible to adapt to new ways of working.
- **Digital transformation:** This describes the organisational process of transforming to become digitally effective. It involves reviewing workflows and structures to ensure they support agile working and innovation. It also involves retraining employees, to update their skills and to help them to become digitally-ready.

¹ BBC News, 17 September 2018: <https://www.bbc.co.uk/news/business-45545228>

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Why is digital transformation relevant?

The digital revolution has redefined what it means to compete in almost every industry. It allows newer, faster and cheaper ways of doing business to be developed. Globalisation and industry convergence - where technology-based competitors enter more traditional industries - are exacerbating these changes.

As a result, digital transformation has become a strategically important business priority. 87% of companies claim that digital transformation offers a competitive opportunity². 27% of senior executives believe it is 'a matter of survival'³. If your organisation doesn't transform digitally, it risks being disrupted and superseded by existing or new competitors.

One organisation which has grasped the opportunity of digital transformation is Encyclopaedia Britannica Inc, best known for publishing the general knowledge English-language encyclopaedia. For many years, this was the world's number one reference resource. The company had a very traditional business model: its books were largely sold door-by-door by travelling salespeople. The advent of digital encyclopaedias, such as Microsoft Encarta, and the internet (with Wikipedia), threatened the viability of this business. However, the company adopted a new working model. It embraced the digitalisation of its product and it refocused onto the needs of its core customers, by providing digital content primarily for university and further education curricula. By the time it stopped selling hardback books, that line of business represented only 1% of its turnover.

The lesson here is that to remain competitive in a dynamic and fast-paced global environment, you need to stay ahead of the changes that are impacting on your market.

Looking at this through an HR lens, your organisation needs people who are ready to deal with the digital challenges that are now being presented in your market. In other words, you need to attract, select and develop talented employees who can thrive in a digital workplace. This digital talent will ultimately fuel your digital transformation process.

Does everyone need to be digitally-ready?

We all use technology and we all work in a digital world. However, there are significant differences in what 'digitally-ready' means in different organisations.

Some jobs are inevitably more susceptible to automation than others. Even 'art' is now affected by Artificial Intelligence, as the auction house Christie's is offering a portrait created by an algorithm emulating creativity⁴. As jobs change and automation progresses in organisations, the retraining and reskilling of employees will increasingly be needed.

For employees, the notion of lifelong learning will be key to everyone's competitiveness. We all need to stay curious and keep our skills ahead of the curve in a changing world. Everyone in an organisation, regardless of seniority, will need the ability to work effectively in a digitally-enabled environment.

² Capgemini (2017) https://www.capgemini.com/wp-content/uploads/2017/10/report_the-digital-talent-gap_final.pdf

³ MIT Sloan Management Review (2013) <https://sloanreview.mit.edu/projects/embracing-digital-technology>

⁴ Christie's article: *Is artificial intelligence set to become art's next medium?* <https://www.christies.com/features/A-collaboration-between-two-artists-one-human-one-a-machine-9332-1.aspx>

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The core digital competencies

Today's organisations should strive to assess the digital readiness of their employees. In live client projects, Aon's Assessment Solutions is currently assessing senior teams to determine their digital readiness and their ability to use data to drive decision making.

One area we focus on is the core competencies that are now required by today's employees. Following a three-year research study, Aon's Assessment Solutions has identified 11 specific competencies that are relevant for success in a digital workplace⁵. We've compiled these competencies into a new 'digital readiness model'. They include:

- **Learnability** - the desire to develop and improve.
- **Agility** - the capability to adapt quickly and effectively.
- **Curiosity** - being open to change, and inquisitive and enthusiastic about new approaches and initiatives.

By assessing for these three core competencies, you can find out whether an individual 'prefers' to work in a way that supports digital transformation. This is important because their behavioural preferences will underpin their actions. Importantly, if your employees achieve a low score on these competencies, they're unlikely to feel comfortable in a digital workplace. And if they're uncomfortable with the new requirements and expectations of their role, they're unlikely to be fully effective.

Although these three competencies are key in our model, eight others are also important. These vary according to the job in question. Depending on the role or the seniority of the position, different degrees of competence in these areas will be required. These eight supporting competencies are:

- **Drive to succeed** - proactively taking initiative and following through to accomplish objectives.
- **Handling data** - evaluating situations and analysing information to form data-driven decisions.
- **Strategic solutioning** - solving problems creatively and balancing the needs of all stakeholders.
- **Business acumen** - understanding the business and the needs of customers, and developing new opportunities.
- **Virtual collaboration** - inspiring and interacting with others remotely, and working together towards common goals.
- **Digital communication** - communicating, influencing and maintaining a rapport with others via technology.
- **Mental endurance** - resilience and the ability to cope with pressure and setbacks.
- **Coaching mindset** - supporting the development of others and motivating them through feedback and encouragement.

Some of these are new versions of established competencies. For example, the ability to collaborate with others has always been important in organisations. However, there's a subtle but sizeable difference between the behaviours that are required to achieve this through technology, as opposed to doing it 'face-to-face'.

Other behaviours such as flexibility and a 'willingness to learn' have long been relevant for success. However, these behaviours may not have been as crucial in a stable work environment as they are now. When job descriptions were clear and specific, you knew exactly what was required in a role. But now roles are becoming more fluid. It's hard to predict exactly what skills will be needed in any job in five years' time. This means that a broader view of job competence is now required.

Our model details the key competencies that employees will need if they're to succeed in the digital future. No matter how technology changes or jobs evolve, these 11 competencies will help your employees to adapt and thrive in a digital world. They will also help employees to transition in and around agile project teams in the organisation.

⁵ The 11 competencies for 'digital readiness' <https://www.cut-e.com/advisory/digital-readiness>

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These competencies should therefore form the foundation of any digital transformation programme. They provide a framework that can help you to instigate a whole new way of working.

Does talent assessment need to change?

Do you still have the same key performance indicators (KPIs) for your jobs? In many cases, KPIs have evolved to meet changing requirements. When the requirements of a job change, the definition of what 'talent' looks like in that role also changes. You therefore need to adapt your talent assessment according to the changes that are occurring in your industry.

The world of assessment is also constantly evolving. New technology allows for new types of assessment that are becoming ever more advanced. For example, assessments are increasingly being accessed via mobile devices and increasingly they are becoming AI-driven. The latest assessments provide an opportunity for organisations not only to recruit digitally talented employees but also to differentiate their brand and their hiring process.

Best practice action planning

When compiling a business case for digital transformation, you should consider the state of your industry and the forces affecting your business. Try to understand where the threats are coming from - and which aspects of your business are most at risk. What skills will be needed to counter these threats? This should help you to identify a useful starting point for your digital transformation journey.

Short surveys are now available which can help you to understand your organisation's level of digital readiness. The results can guide you to plan your talent strategy and make informed decisions about your priorities. These surveys can help you to align your talent needs to your business strategy.

Assessing digital readiness

Digital readiness has a strong behavioural component. For example does the individual like variety and change? It also has an ability component. You want to understand how well that person can connect ideas, navigate complexity and solve problems. With the right assessments, you can measure the level of digital readiness of any individual, team or department.

With digital talent, it's important to deliver an engaging and informative candidate experience. Your process should meet their behavioural preferences. For example, you're looking for people who are happy to learn, so give them something they can learn about themselves by completing your assessments. Provide them with candidate feedback reports.

Aspects such as work-life balance and flexible working will matter to them. Ensure you reflect these aspects in your employee value proposition.

Developing employees

The ability to recruit internally for your roles can reduce your time-to-hire and improve your competitiveness. By using our digital readiness model for training needs analysis purposes, you can develop the necessary competencies in your employees.

One of our clients, a global bank, recently transitioned its technology group to work in a more agile way. Previously, the group operated with a clear hierarchy and set responsibilities. To meet its business demands, it needed to adapt to work with a fluid hierarchy, changing responsibilities and an iterative delivery schedule. This is a substantial change and it affected how people perceived their work. An assessment process helped support this transformation agenda by allowing the client to understand the workforce's readiness to transition to an agile environment. They were then able to put relevant training processes in place.

This issue of the perception of work is important. HR has a responsibility to change the mindset across organisations regarding work. Leaders will play a definitive role in driving the transition that needs to be made from one way of working to another. Leaders should understand the impact of digital working and the rationale for digital transformation. They must be familiar with technology-enabled

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communication channels. They should also champion change - and be willing to empower and support their staff to achieve the set goals.

Q&A on digital transformation

In the webinar, the following question was submitted by participants:

1. Does the pace of change in the digital world kill the job description?

The pace of change is fundamentally altering the nature of job descriptions in organisations. There is now a greater emphasis on hiring people for 'job clusters' and most roles now require transferable skills, learning agility and willingness to adapt and change. Static job descriptions will become a thing of the past. AI-driven assessments will increasingly help employers to identify right-fit candidates who can flexibly adapt to changes in the work requirements.

Conclusion

The digital revolution has disrupted the world of work. The need to adapt and respond to this has made digital transformation a new strategic priority.

A best practice response to this is to embed a new model of digital readiness. Talent assessment needs to change to ensure that people are recruited against the new competencies that are now required. Existing employees should be retrained to enhance their proficiency in these key areas.

Employers who fail to make a digital transformation risk being overtaken and outmanoeuvred by more adept competitors. HR teams who can underpin their transformation programme with the right competencies will instigate a new way of working, which can secure the future of the organisation.

Founded in 2002, *cut-e* (pronounced 'cute') provides online tests, questionnaires and gamified assessments for attraction, selection, talent management and development. The company's smart, valid and innovative psychometrics have made it the preferred partner of multinational organisations.

cut-e is part of Aon's Assessment Solutions, a global talent solutions group within Aon plc. Aon is a leading professional services firm which provides a broad range of risk, retirement and health solutions. Aon's Assessment Solutions, which also includes the CoCubes brand, undertakes 30 million assessments each year in 90 countries and 40 languages.