what it means to be a
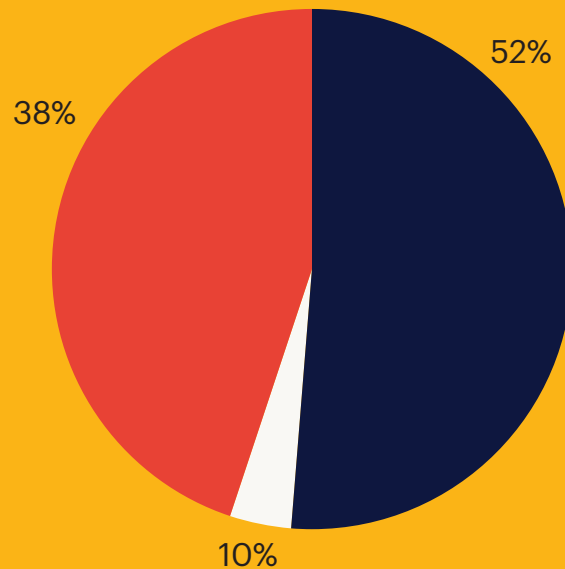# developing digital company

and how to
become superior.

randstad®

We don't need to tell you the world is changing. The reality is that digital technologies have fundamentally altered nearly every aspect of business operations — from the dynamics of your market to the speed required to remain relevant.

If you're feeling digitally deficient, the good news is you're not alone. In fact, the majority (52%) of companies we surveyed said they haven't made as much progress as they'd like, and they are continuing to work hard to conquer the complex digital frontier.

You've likely downloaded this report to find a way to make digital transformation a friend, not a foe. We believe the findings from our Workplace 2025 Study: The Post-Digital Frontier can help you succeed. Based on a study of more than 800 C-suite and department heads as well as nearly 3,000 workers across the U.S., we've uncovered key gaps between you and the companies you'd like to emulate. More importantly, we'll share some strategic practices used by superior companies — and the lessons they've learned — to help you drive business success.

the spectrum of digital proficiency.

52%

38%

10%

52% developing companies.
little to no completion of digital transformation, low utilization of digital tools, slower to embrace new technologies

38% proficient companies.
moderate level of digital transformation average utilization of digital tools, committed to embracing a more digital future

10% superior companies.
advanced/completed digital transformation, expert utilization of digital tools and strategies, high level of commitment to and belief in a digital future, mastered digital strategies for high ROI

1 embrace technology, or your employees may leave.

Employees today want to work for organizations that not only "talk the talk" when it comes to digital innovation, but also "walk the walk." Otherwise, your company is at risk of losing employees. Consider that 40 percent of employees have left a job because they didn't have access to the latest digital tools, and 58 percent say they need to seek new employment in order to secure digital skills. When organizations don't provide the right tools to their workforce, empowered employees will seek them out on their own — and work smarter using solutions that are off of the company's radar. However, this is a recipe for frustration, decreased engagement and higher levels of turnover. Recruitment also suffers when your organization lacks digital capabilities.

Here again lies the reality for most developing companies: building and maintaining a reputation as a digital leader has been largely out of reach. The majority (72%) of developing companies

According to our survey, the following factors influence job seekers' desire to join a company:

80%
the company's use of the latest digital tools

72%
the company's innovative culture
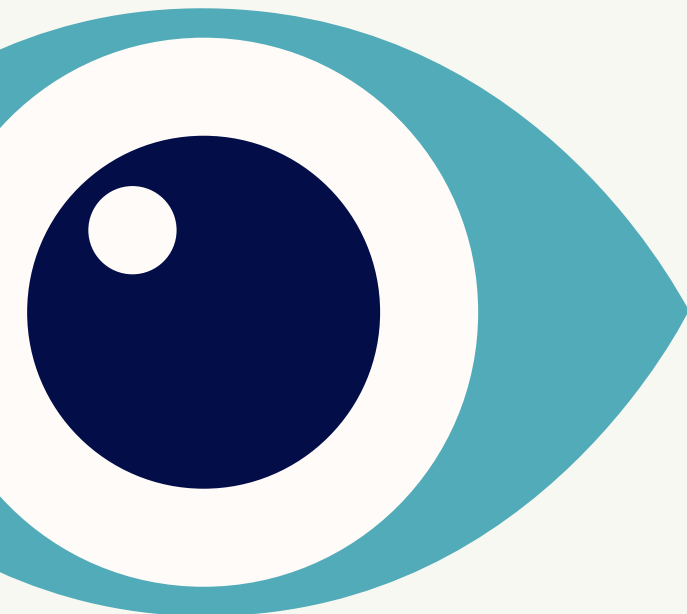
72%
the company's digital leadership

62%
the company's reputation as a digital leader

agree they are behind the curve in implementing new technologies and recognize that they are not considered an innovative leader in their industry. Another 69 percent agree they lack the resources to be as technologically advanced as they'd like in order to be considered a digital leader in their industry.

Interestingly, the challenges faced by developing companies are seldom about the availability of — or vision for — digital technologies. Instead, they are largely internal factors — specifically, lack of budget (28%), skilled resources to implement (18%) and leadership support to adopt new technologies (16%).

Unfortunately, most companies don't have a bottomless pool of financial resources, so the likelihood of facing budget constraints that limit all or part of your digital transformation is very real. However, don't let it completely halt this critical process. Instead, use your budget to inform your strategy, including how fast, how much and when the company can invest. If needed, build your plan in phases over several years. Digital transformation takes a combination of both talent and technology — you can't rely on just one or the other.

2 digitize your business strategy.

Superior companies don't build a digital strategy — they digitize their business strategy. Effectively transforming your company means understanding that digital strategy isn't a supporting platform for business strategy. At superior companies, digital transformation is given top billing, informing every element of the broader business strategy. For instance, superior companies are:

- thirty-three percent more likely than developing companies to completely agree that their company will be left behind without embracing digital technologies
- twice as likely as developing companies to meet their business objectives more effectively as a result of digital technology investments
- seventy-two percent more likely than developing companies to consider redesigning their organizational structure to embrace digital technologies as highly critical to their organization's future success

As a developing company, you may be approaching your digital strategy too narrowly, focusing on implementing a mobile app here or a people analytics program there — tactics that most certainly won't live up to expectations. The problem is that this approach doesn't constitute a broader digital business strategy on which to build future growth.

When thinking about digital transformation, the term "digital" should be thought of as "speed and adaptability," not just "technology." However, as a developing company, you're likely going to be slower to adapt to the pace of digital change and stymied in your ability to leverage the new opportunities emerging technologies can deliver.

As you prepare to launch or accelerate your digital transformation, consider the following broad steps as a framework for success:

understand and commit to digital transformation.

All pertinent parties within your organization must have a complete understanding of why digital business models outperform older models based solely on physical assets and people. There must be full commitment to the digital transformation journey, focusing on building a new future and not just continuing the status quo.

assess your digital current digital state.

You've begun this process by completing the Randstad Workplace 2025 assessment, so you're one step closer to assessing what is required for digital transformation in terms of culture, capacity, leadership, models and tools. To further your assessment, take inventory of your company's assets and activities today. Look for passionate, digitally savvy employees who could help move the project forward, or reallocate resources from uncertain projects to digitally strategic ones. You must be willing to restructure your time, attention, and your financial and human capital to support the transformation strategy.
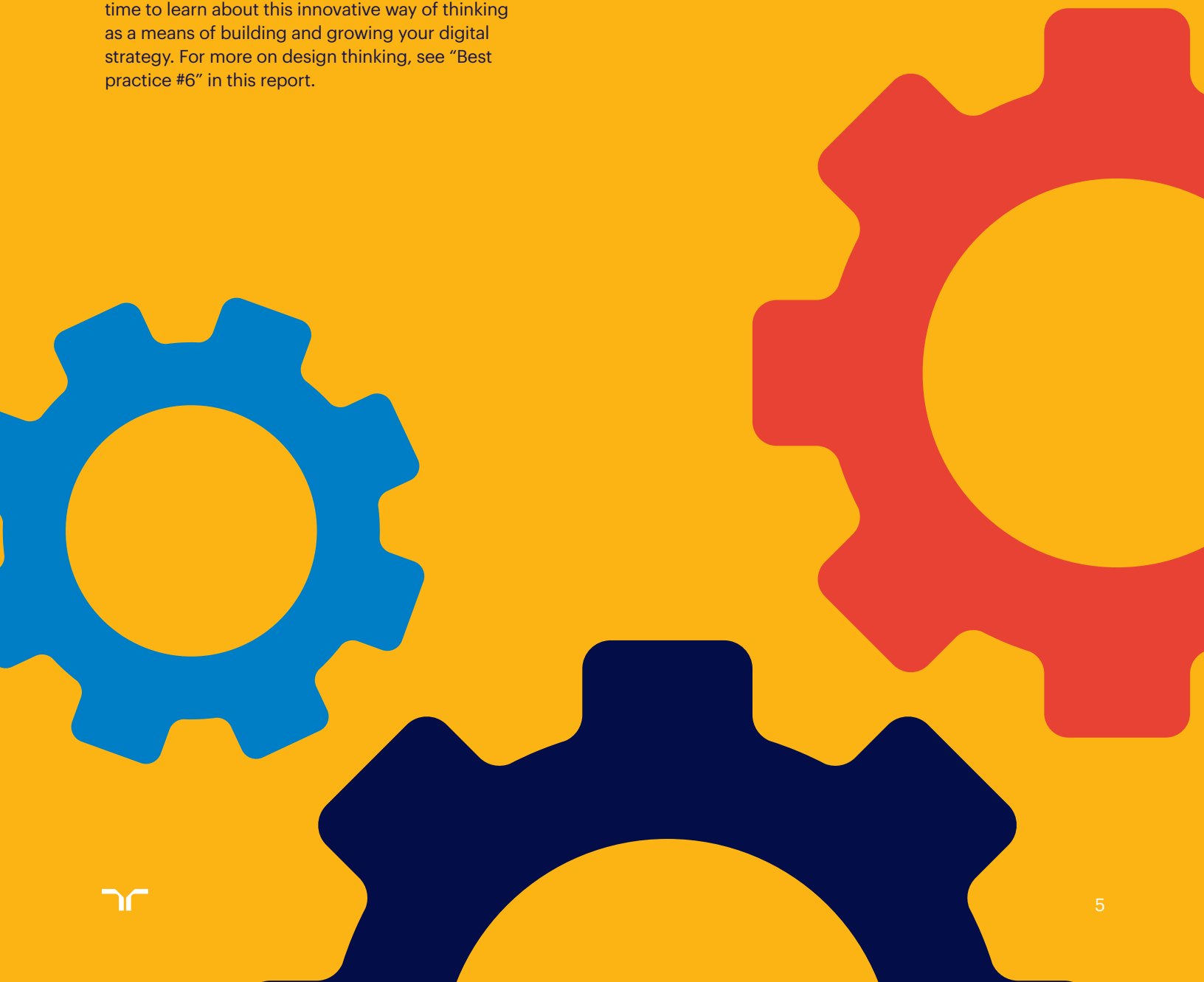
apply design thinking to create a future business model.

If you aren't familiar with design thinking, take the time to learn about this innovative way of thinking as a means of building and growing your digital strategy. For more on design thinking, see "Best practice #6" in this report.

identify how your organizational structure needs to change.

Even if your circumstances prevent you from making major changes, look for the changes you can make, even if those changes appear small. Once you gain momentum and a level of comfort, it will be easier to implement bigger changes.

Remember that digital transformation isn't solely about technology. Rather, your future success will be determined by your ability to incorporate new technologies throughout business operations and adopt a corporate culture that embraces the power of adaptability and change.

3 identify the right leaders.

When asked to weigh in on the top traits required by leaders of future organizations, survey participants named the following:

75%   be more agile and digitally savvy in their use of digital tools to drive business success

76%   have the ability to keep people connected and engaged

76%   drive a culture of innovation, learning and continuous improvement

72%   have exceptional knowledge and skills when it comes to collaboration and team building

63%   be adept at risk-taking

74%   drive a workplace culture in which employees are constantly learning and building new skills to prepare for integrating new technologies into the workplace

It may seem obvious, but in order to gain momentum in digital transformation, your organization needs to train or hire digital leaders. The digital frontier has rewritten the job descriptions of C-level executives, requiring a new set of leadership skills.

A lack of digital leadership plagues developing companies, who are 117 percent less likely to believe they have a digital leader in place. Without that leadership, the likelihood of digital initiatives falling short of their potential is higher, and your approach to digitalization will likely be more tactical and lack a cohesive strategic focus. To begin advancing your digital leadership, pursue these capabilities:

adopt a growth mindset.
According to Carol Dweck's concept, a growth mindset is possessed by those "who believe their talents can be developed (through hard work, good strategies and input from others). They tend to achieve more than those with a more fixed mindset (those who believe their talents are innate gifts). This is because they worry less about looking smart and put more energy into learning."
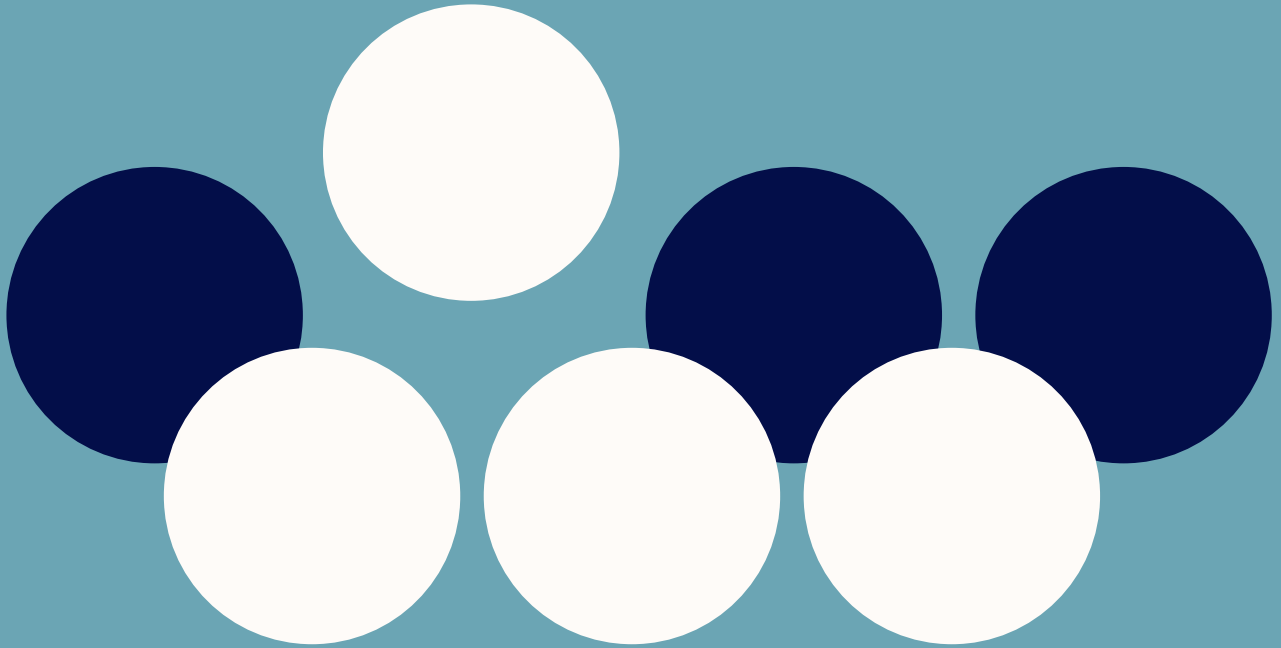
take risks.
Leaders who are hesitant to consider new ideas that may threaten their domain of expertise will likely fall short of becoming a digital leader. Digital leadership requires healthy risk-taking, and that can't happen when a fear of failure exists.

assess your leadership.
Executive assessments and coaching can help measure your competency levels in core traits required for digital leadership, like risk-taking, executive presence, power of influence and change leadership. More importantly, leadership assessments can help you identify gaps in key competencies and navigate a pathway to develop those skills.

4 re-think how you hire.

As nearly every organization today grapples with the impact of digital transformation on their workforce strategy, it's clear that traditional ways of sourcing and managing talent are no longer sufficient. The labor market isn't keeping up with the demand for newly valued skills in a post-digital world.

It's not just the most sought-after digital and technology-related skills like artificial intelligence (AI), augmented reality (AR), virtual reality (VR) and machine learning that matter. Instead, a more automated workplace has upped the ante for workers with advanced soft skills. Our study finds that 87 percent of employers and employees agree that, as a result of automation, human skills like empathy, communication, persuasion and problem solving will become more valuable.

The tightening labor market means sourcing and securing talent who have advanced technical and human skills is increasingly difficult. One approach to securing the talent you need is engaging the agile workforce — that is, contingent, contract, freelance, part-time or consultant labor.

As a developing company, you have the opportunity to identify skill gaps and tap into talent pools where agile workers exist. Yet developing companies are:

- seven times less likely to understand emerging skill requirements and critical capability gaps
- nine times less likely to manage an agile workforce
- ten times less likely to manage talent-sharing and gig economy resources

Randstad research indicates that by as early as 2019, up to 50 percent of the workforce will consist of agile workers, as nearly four-in-ten (39%) workers say they are likely to consider shifting to agile work in the next two to three years. This movement is fueling an equally aggressive adoption of new workforce models that tap into both permanent and agile employees to combat skilled staffing shortages, leverage globalization and fuel greater innovation for organizations.

5 invest in the right skills.

As a developing company, you indicated that "a lack of skilled resources to implement new digital technologies" is a top challenge for your organization. In fact, nearly 20 percent of companies said that it was a major challenge, so you're not alone. Given the complex and technical challenges that often come along with digital transformation, companies must have the right talent on board to help implement and manage new initiatives.

The good news? Nearly all (90%) workers want to acquire new digital skills in order to further their careers. The bad news? Many of today's employees aren't being offered those opportunities by their current employer, despite their overwhelming belief (87%) that it is the employer's responsibility to create a culture of digital savviness. For example:

- one-third (33%) of workers don't feel that their employer offers them ample opportunities to acquire digital skills with training and on-the-job learning
- fifty-eight percent of workers say their employer uses the latest digital tools and platforms — but doesn't provide them the training they need to use them

As a result, 55 percent of workers lack the skills required today to be digitally savvy, and half don't believe they'll learn new digital skills fast enough to succeed in their career. And as a developing company at the early or beginning stages of digital transformation, it's especially critical for you to build a digitally literate workforce. Getting your talent ready now will keep you ahead of the digital transformation process.

6 use design thinking for effective problem solving.

As a developing company, you may not have considered the concept of design thinking. Essentially, design thinking allows you to explore how customers and employees interact with your product or company, where they experience pain points and what their motivations and expectations are.

Your assessment results show that your organization is nearly 12 times less likely to use design thinking in developing HR and talent programs compared to superior companies. Likewise, you are 12 times less likely to understand and use design thinking as part of the candidate experience.

If your company has secured the foundation to implement new technologies, but you're still struggling to identify creative ways to solve business challenges or improve user experiences, design thinking can help remove roadblocks. By using data and human-focused research to uncover what people actually do — rather than what they say — you'll be able to understand and anticipate real issues and uncover innovative digital (and non-digital) solutions you never would have imagined.

7 find the right partners.

Mastering the digital frontier requires companies to find or create new sources of value through digital partnerships. This also requires a new breed of vendor or partner — one that is more agile and digitally savvy, with its own network of partners to facilitate a company's digital journey.

In fact, superior companies are 21 percent more likely than developing companies to believe it's important to utilize a digitally savvy vendor/partner to achieve business goals. Also, superior companies are 33 percent more likely than developing companies to believe it's important to utilize a digitally savvy staffing or workforce partner.

For developing companies, it's critical to take the time to establish deep partnerships with vendors who learn and understand your day-to-day operations and how your business is structured. These mutually beneficial partnerships can deliver tremendous upside in the form of greater agility to adapt to sudden market changes, opportunities to create innovative solutions or business models and ultimately improve how you interact with customers and increase profits.
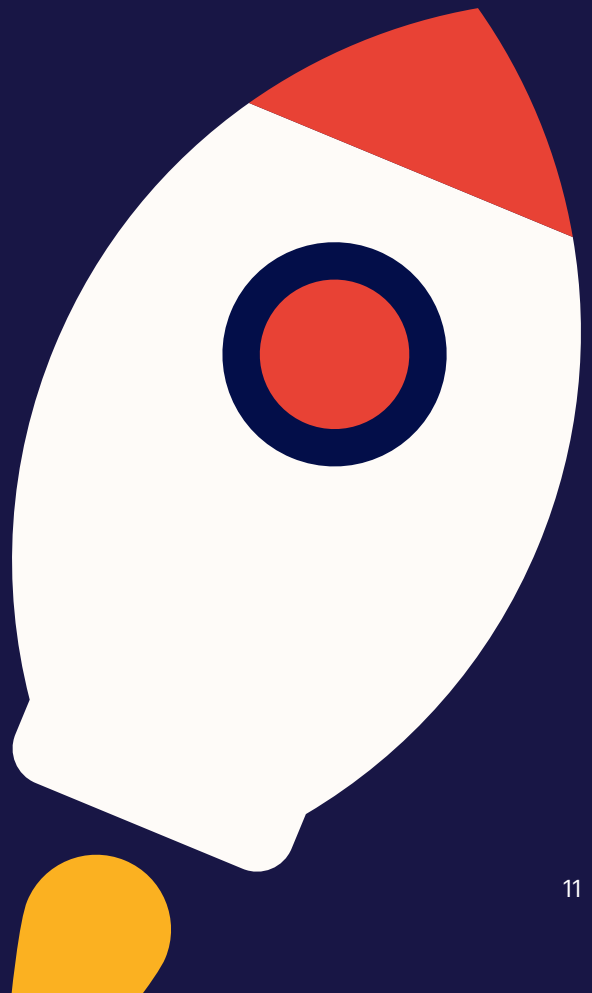
bottom line.
accelerate your path toward
digital transformation.

Companies that haven't started, or have been slow to start, a digital strategy are quickly running out of time. In fact, IDC predicts that by 2018, two-thirds of CEOs at companies on Forbes' Global 2000 list will include a digital strategy in their business. How quickly you transform matters, too. Two-thirds of all business leaders believe their organizations must pick up the pace of digitalization to remain competitive, according to Gartner.

We know this isn't easy. In partnering with leading organizations around the globe, Randstad has worked side-by-side with clients to help support their journey toward digital transformation. We know it's simpler to make do with your existing talent, to manage what you already manage or avoid recruiting new digital leadership talent. We also know that the status quo won't result in business growth. As a trusted human partner in the post-digital world, we have the digital knowledge, expertise and resources to accelerate your digital transformation. Whether you need forward-thinking executives to lead your transformation, tech-savvy

talent to implement new strategies or a workforce partner to fully leverage your emerging tools and techniques for talent acquisition and management, we're here to help.

Although digital transformation can be a long process with many challenges and setbacks, the opportunities it offers are unprecedented. With even more disruption and technological advancements on the horizon, the time to accelerate your digital transformation is now.

human

forward.

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