

Digital Transformation... by any other name?

Learning from other industries

I was reading an [article at CIO Dive](#) about the CIO at cosmetics conglomerate Estée Lauder Companies Inc. and it resonated with a transformation we are undertaking in the pharmaceutical industry. The thing I love about these types of situations is the broad applicability of good thinking, but also the value of “stream jumping”, a term I picked up from an agency I worked with in a past role focused on innovation. The key idea of this stream jumping is taking lessons from adjacent spaces and applying them to your challenges, not being constrained to “my industry”.

In the article, the author Mitch Betts says: Michael Smith joined the New York-based “prestige beauty” company as senior vice president and chief information officer, information technology last year, with a mandate for pushing IT innovation to help the company stay abreast of the fast-moving beauty industry, where an Instagram photo of celebrity’s new lip gloss can drive sales.

While the drug industry is not reactive to that degree, our engagement is around delivering life saving medicines as quickly and effectively as possible. As a part of that journey, the patient connection is taking an ever more prominent role, whether it be in the trial compliance or reporting, medical routine compliance, or health monitoring, or any of a number of other scenarios.

Mr. Betts lists the year one accomplishments for the CIO and his team.

1. Reorganizing IT to align with business units, instead of technologies, so IT stays can stay close to business needs.
2. Hiring IT talent, globally, with new skill sets.
3. Fostering greater IT agility and speed, such as moving from waterfall to agile software development processes, and breaking down walls between applications and infrastructure groups to adopt DevOps.
4. Moving from a buy-and-integrate IT strategy to building systems in-house when they provide a competitive advantage

It is interesting to see the pendulum swing on these principles, as over time I have seen a few of these move in and out of favor. What is particularly encouraging is the **recognition of the value of Agile software development and DevOps**. This helps de-risk some of the moves to build vs buy and business unit alignment of IT functions.

The classic waterfall model tends to drive a centralized service mindset, and long lead to value cycle times, which creates a host of challenges in meeting expectations, both customer facing and internal delivery team focused. When coupled with decentralized business alignment, it creates a continuous conflict for service time, and generally leads to infighting in my past experience. It is possible to make it work, but the effort expended is not commensurate with the value returned.

An agile approach, coupled with decentralized IT staffing can potentially yield optimum results, however there is opportunity to drive efficiencies into the model through replication of core services. The ideal match for this approach would be a scalable, SLA driven managed service provider approach to the commodity centralized services – “classic IT”, while devoting the employee headcount and leadership to the business facing roles and the intersection roles.

Every managed service has an inward facing employee accountable for performance. These leaders are measured by each business facing lead, as well as the internal metrics. This will help ensure a balance of efficiency vs. effectiveness in delivery of value, while taking the complexity of scaling and growth off the plate of the business facing teams.

The article does not go into any detail about the specifics of the alignment, but this is yet another in the trend I am seeing around the recognition of the value in taking an agile approach, and adopting agile development practices. This concept scales beyond the software development, to collaboration, organization and most other value streams.

This transformation for Estée Lauder, as well as the others in flight, will be interesting to watch over the next year. This is especially true as we are in the beginning stages of our own internal changes!

[Link to the original article](#)

Don't die of Innovation Indigestion!

I recently read an article from McKinsey, by Dr. Waguih Ishak, the division vice president and chief technologist at Corning Research & Development Corporation. You can find the full article here:

<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/creating-an-innovation-culture> but I am referencing a portion of this piece. I encourage you to follow the link and read the rest.

He touches on an important point, and almost off handedly, hits another very critical point on the innovation journey. The quote I would like to focus on is this:

Conventional wisdom holds that organizations die of starvation from a shortage of good ideas and projects. In reality, they are much more likely to die of indigestion. A surfeit of projects with inadequate staffing makes delivering on anything less likely.

DR. WAGUIH ISHAK

I have participated in, and led innovation efforts at multiple large enterprises over my career. When I read this quote, it resonated so strongly I felt compelled to draft this short piece. What grabbed my attention on this, is the idea that many leaders (including myself) have focused on ways to bring innovation in to drive more demand through improved engagement models and “cultural change”. This is often seen and celebrated as part of transformational change to drive business value, and all the other clichéd terms we like to use.

In reality, there is often more to be gained in focusing on first principles – focusing on the hard work of understanding our teams, understanding what we need to be successful, listening to our people and giving them room to innovate and explore the ideas they already have. We seem to celebrate work over value, and so often I see the valuable “thinking time” being driven out of our days.

We have an opportunity to stop – look at our teams and prioritize thinking. Learn to get to know the people we have and probe them for what they would do if they were the leader. Then we can select the best ideas and get out of the way – empowerment and space are unbelievably powerful innovation tools!

Demand without capacity is a fool’s errand, and creation of capacity comes through prioritization of value over work, and a recognition that innovation must be nurtured and given space. As value is created, it must be celebrated, as failures are seen, they must be dissected to pull out the value of the lessons. Keep the focus on the VALUE PRODUCED, not the IDEAS GENERATED. Value measures will vary depending on the effort, but they must be a part of each effort, and a part of the mindset and story to ensure innovation is meaningful, even when risky and / or exploratory.

Creating a Culture of Innovation

The idea of creating a culture of innovation in the workplace is not new, but it seems to be a recurring theme in the enterprise across industries. The Harvard Business Review has a short article on this topic with the following three points, that I would like to expand a bit on.

1. Match Tasks to Skills:

- Give your employees projects that are demanding, while also making sure the tasks are a good match for their skills and resources.

2. Evaluate Capacity to take on Challenges

- Don’t just give a new project to whoever has free time or could finish it most easily. Before you delegate, ask yourself, “Who would feel challenged by this project and has the capacity to rise to the challenge?”

3. Accept and Redefine Failure

- Aim for 70% success. If you expect everyone to nail a task with 100% success, they are unlikely to take risks, which is an innovation killer. Letting them know that 70% success is OK will ensure they don’t play it too safe.

Match Tasks to Skills

These ideas are sound in the basics, but worth further discussion. On the idea of demanding projects, a good manager needs to understand the team make up. This first and basic step is far too often overlooked. I have time and again had employees or colleagues I have mentored tell me that I have given them more feedback and direction than they have ever received, or received in a long time. Why is that? My hypothesis is that it's because it is hard work – and takes time. Real time to talk, and accompanied by active listening. It takes trying to understand what drives people and what their goals are, and then shaping guidance to that set of needs and skills. This is the underlying foundation that makes this first principle work.

To give your employees projects that are demanding, while also making sure the tasks are a good match for their skills and resources is something that can only happen when you understand both the task at hand, as well as the skills and goals of your employees. The big value in this first point is more about the engagement with your own team, and the ownership that brings, than it is the task.

Evaluate Capacity to take on Challenges

Building on the first approach of knowing your people, this on is guidance to:

Don't just give a new project to whoever has free time or could finish it most easily. Before you delegate, ask yourself, "Who would feel challenged by this project and has the capacity to rise to the challenge?"

Knowing your team and knowing their objectives helps create this opportunity for alignment. I have what I refer to as the "rubber band management approach". When I have high potential team members, I like to sit with them and have a talk that probes their capacity to stretch, to take on challenge. I then lay out the rubber band idea, and see if they bite. This approach says – I will set up a challenge for you that will stretch you, just like a rubber band. Before you break, I will partner with you to help you be successful, but you will be uncomfortable. We will repeat this challenge, again and again. What you will find is that each time, you stretch farther, and feel stronger and more able to drive on your own. This is what I see as the foundation behind this approach. Make the new projects and challenges a thoughtful part of a development plan, partnering with the team member to align with them on communication, and expectations. Help them know it is part of something larger and will help them grow while delivering meaningful value to their business.

Accept and Redefine Failure

The article points to a 70% success rate – I would push that a bit to say success goals should be set at the beginning and measured through the life of the work. It is not that 70% is success. It is that a recognition that over the life of innovation, the goals may shift with new knowledge. It is that even with this, teams may still fall short.

Do not pretend it is anything other than falling short of the original goal. At the same time, celebrate the things that are real. This may mean celebrating courage to overcome fear, or inertia. It may mean celebrate getting to that 70% or whatever level was attained, but still producing real learnings that can be used to add value to the business. It must still be about value at the end, to keep driving a culture of improvement. By casting the outcome as a value measure, we can help teams keep the focus, and therefore performance where it belongs, on what will add meaningful business value as opposed to make people just feel good about being busy.

The overall thing I take away from this is that we as leaders owe our teams the time to understand them, and the time to shape goals to stretch and grow them. We have to do this while holding ourselves and our teams to a standard of "Value Production". We must reward value produced over work performed.