



Creating a culture of digital transformation in the UK public sector





Contents

01	Foreword from Michael Wignall	1
02	Executive summary	4
03	A culture of digital transformation	9
04	Collaboration not competition	13
05	Embracing fear of change	19
06	Articulating the opportunity	25
07	Balancing risk and responsibility	31
08	Respecting your ecosystem	37
09	Conclusion	41
10	Appendix	44

01 Foreword



You need only read the news to appreciate the level of uncertainty and change currently impacting the UK public sector. From Brexit and budgetary concerns to NHS reform and GDPR, shifting sands in the political, regulatory and economic environment are having major ramifications for how organisations across the sector operate.

Yet against this backdrop of turmoil, technological evolution gathers pace. New digital tools and services – such as AI and machine learning, chatbots, big data and the Internet of Things – are altering every aspect of modern life and causing widespread disruption to established operating practices.

Consequently, organisations of all shapes, sizes and focus areas are being required to undertake a journey of digital transformation. From policing the streets to protecting citizens' data, providing high quality healthcare for an aging population to future-proofing the success of UK plcs, the public sector must evolve if it is to prosper in an ever-more digital world.

Our goal with this report is to shine a light on the situation in the UK public sector, with a view to better understanding the challenges and changes it is facing. We also identify how organisations can go about seizing the opportunities digital disruption presents – particularly as our study reveals that 61% of public sector organisations are limited by the structure of their organisation when it comes to digital transformation success.

But this is not a story of doom and gloom. Far from it. Despite some public perception of a sector held back, the reality is the public sector is more than keeping pace – and in some cases even outstripping – private enterprises when it comes to digital transformation.

We're also fortunate that the UK government recognises the critical role technology plays in society and the opportunities it is unlocking, both now and in the future. The Digital Services budget for 2016-2018 will see £150 million invested in digital transformation initiatives while the Digital Academy is already making good progress in its goal to train and upskill 3,000 civil servants in digital technologies, like cloud computing and data analytics. Ultimately, this will help streamline public sector operations and deliver better services for citizens.¹

Perhaps even more importantly, policymakers are also looking at ways to ensure the education system equips future generations with the digital knowhow they need to succeed in the world of tomorrow. This is something that Microsoft feels extremely passionate about and that we are taking active steps to support.

The key, though, is to keep asking 'what's next?' and 'how could it be even better?'. That might mean transitioning digital transformation programmes out of pilot phase quicker or investigating how more nascent and advanced technologies like AI, machine learning and blockchain can drive greater progress at scale.



Michael Wignall

Chief Technology
Officer, Microsoft

¹Digital transformation in government; National Audit Office

But this report is not about talking at you. Microsoft has been on the very same transformation journey and we know that as well as creating huge opportunities, it carries significant challenges. We see our role as a strategic partner and trusted advisor that is committed to supporting our public sector customers in not only making the right technology investments but also in determining their own unique roadmap for change.

Above all, we want to highlight the opportunities presented by digital transformation, help organisations select the right solutions for their needs and then support them in building an agile digital culture that brings the best out of their employees and technology alike.

This notion of an agile digital culture – and how to build one – is at the very heart of the report. Why? Because the most successful organisations will be the ones in which digital transformation is not simply a technology deployment or an IT exercise, but a people transformation programme. A continuous, collaborative and transparent journey of improvement driven from the top down and the ground up.

Indeed, whether it's optimising operations or reducing costs, transforming user experiences or enhancing the capabilities of staff, change cannot happen without creating an environment where employees and leaders are working towards a clear and shared vision. Where people have the freedom to experiment, fail fast and improve, without fear of recrimination. And where the varying ways and speeds at which workers respond and adapt to change are acknowledged and supported.

Microsoft's mission is to empower every person and organisation to achieve more – whatever 'more' means to them. So, in compiling this report, we have sought points of view from all over the public sector. From the British Medical Association to Newcastle City Council, we have spoken to leaders and employees across public sector organisations, while also gaining the insights of a number of subject matter experts, including world-renowned Stanford University psychologist Carol Dweck.

The result is an unprecedented picture of what digital transformation means to public sector organisations and the impact it is having (and will have) on nearly every facet of operations. Crucially, we have also identified a series of pragmatic and tangible steps that can help every organisation not just survive this era of change, but thrive in it.

No matter where you and your organisation are along the digital transformation journey, I hope you find this report to be a valuable guide to creating your own agile digital culture.



Michael Wignall
Chief Technology Officer, Microsoft

02

Executive summary



In 2016, our report *Digital Transformation: The Age of Innocence, Inertia or Innovation?* provided the most extensive insight to date on the impact of digital transformation on organisations across the UK, including in the public sector. Its findings were clear: pervasive access to new digital services is changing every aspect of professional life — from disrupting organisational structures and practices, to catalysing innovation and unlocking new opportunities for growth.

With those findings in mind, this report delves deeper into the factors, obstacles and attitudes influencing the public sector’s ability to succeed as it navigates its own unique digital transformation journey.

We explore what it takes to create a true culture of digital transformation. A culture that is not only agile and progressive enough to evolve alongside new technological

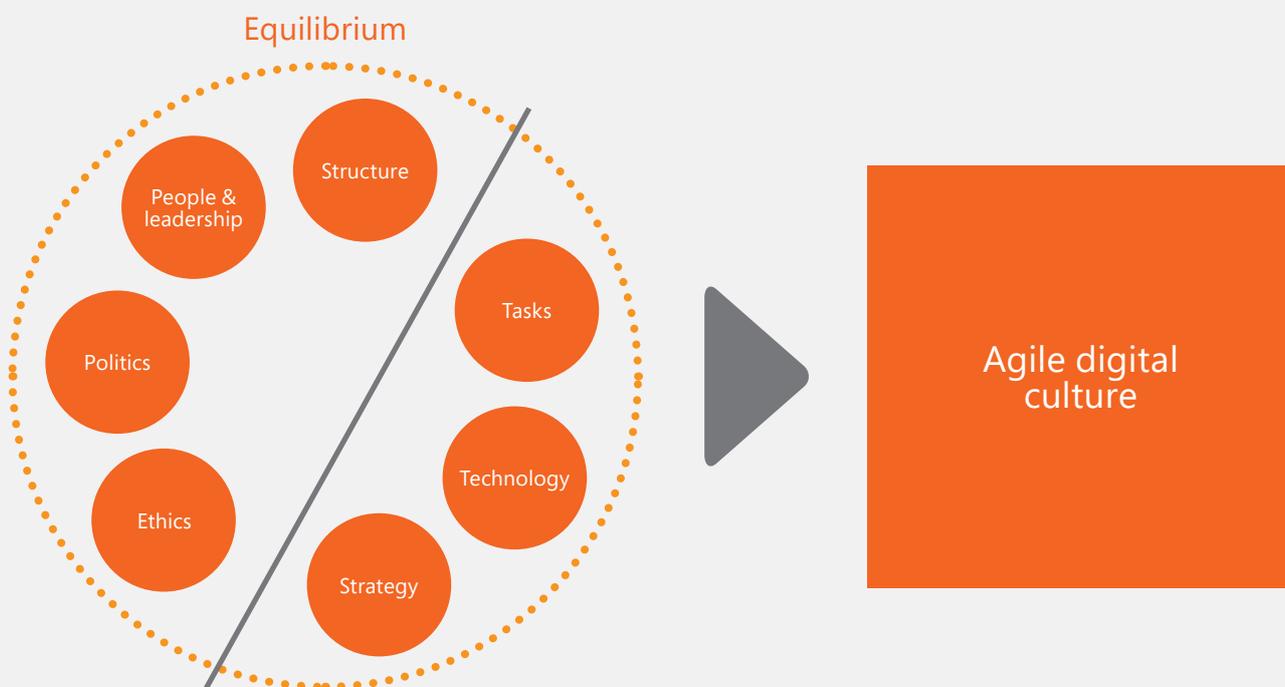
inventions and applications, but that also fosters a sense of empowerment and engagement among an organisation’s workforce along the way.

Before embarking on the study, we drew upon respected conceptual models to build our own model of an agile digital culture covering both public and private sectors. This model is based on seven key dimensions: People and Leadership; Structure; Technology; Strategy; Tasks; Politics; and Ethics. (See Figure 1.)

Using a combination of field research, interviews with subject matter experts and public sector leaders, an online YouGov survey, workshops, and a chatbot study to capture real-time feedback from employees, we then developed and tested hypotheses against each of the seven dimensions. (See Figure 2.)

Figure 1.
Seven dimensions of an agile digital culture

Within our model of agile digital culture, each of the seven dimensions fall into one side of an equilibrium. The first side represents organisational structures (e.g. policies, ethics and people) and the other represents what the organisation does (e.g. the tools and technology it uses).



² Models used include: Socio-Technical Systems Theory, Leavitt’s Framework for Organisational Effectiveness, Lewin’s Force Field Model and Model of Change Process, and Miles and Snow’s Strategy Typology

Figure 2.

Agile digital culture hypotheses

Dimension	Hypothesis
People	A culture of capability and positivity supports digital transformation
Leadership	The ability to manage effectively in a digitally transforming world will improve firm performance
Technology	Technology democratises data, so workers can manage risk and exploit opportunities
Tasks	Task mix needs to be optimised for exploiting digital transformation
Structure	Networks and nodes structures support digital transformation
Strategy	Different competitive strategies require different responses to digital transformation
Politics	Internal and external environmental constraints and opportunities effect digital transformation
Ethics	Digital transformation requires clear policies regarding appropriate data use

Within the key findings across both public and private organisations, we see that technology and ethics are the most significant drivers of an agile digital culture. Indeed, while UK leaders are strongly focused on introducing new technologies to sharpen everything from operating practices and strategic decision-making to employee management and stakeholder experiences, they are also highly attuned to the pressing need to develop clear governance around data usage, cyber security and compliance.

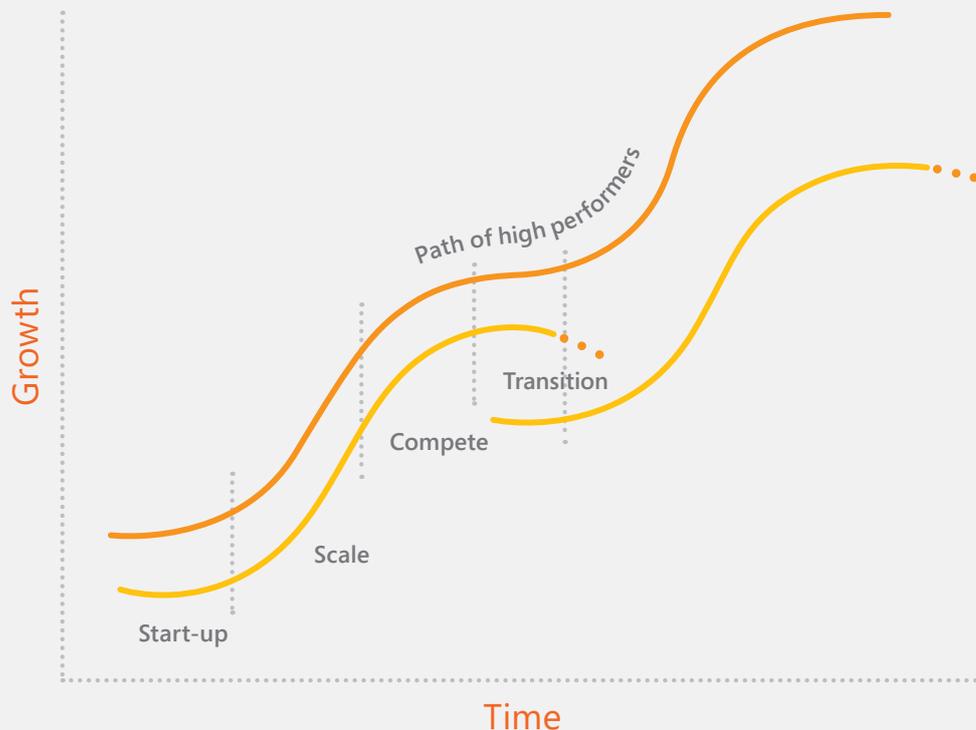
Public sector leaders remain central to digital transformation as the originators and mission-setters of change. Yet we reveal the process must be fully two-way, with employees given the tools and support to innovate, fail and collaborate with new technologies, both individually and as a group. They should then be free to offer unrestricted feedback on how successfully those technologies augment their day-to-day roles, boost productivity and enhance job satisfaction.

“People in the public sector are saving lives, fighting crime, and supporting those in our society who most need it. The core of what they do is helping provide better services, and the job of digital transformation is to support them in their role and augment what they do. I really believe this can improve efficiency and effectiveness, and provide long term sustainable benefits to all.”

Daniel Batts,
Public Sector, Microsoft UK

Figure 3.
S-curve model

The S-curve describes the growth of one variable in terms of another variable over time. In the case of digital transformation, it shows the progress of organisations that quickly adopt new technologies. In particular, it demonstrates how they avoid any potential slow-down or tail-off during the transition phase by focusing on the next step of the journey before the previous step is complete.



In other words, adoption must be driven from the ground up, not autocratically delivered from the top down.

Perhaps unsurprisingly, then, the public sector organisations leading the charge on digital transformation are the 27% who say they are already implementing major cultural change programmes to support it. They also tend to be the ones whose leaders are among the 52% who believe that adopting emergent technologies enables better collaboration.

These organisations are actively accessing and introducing new technologies, with dedicated teams and self-directed sub-groups focused on driving innovation. Crucially, they understand how to cultivate a process of continual, iterative improvement in which they seamlessly move onto the next element of digital transformation while still in the midst of the current one. (See Figure 3.)

Yet challenges endure too. More than half (52%) of public sector leaders³ agree that employees are finding it hard to adapt to change – 6% higher than in the private sector – while 61% of respondents believe that success in digital transformation is limited by their organisation's structure.

To that end, we identify five key challenges of digital transformation rooted in the seven dimensions. Challenges that public sector organisations of all shapes and sizes must successfully confront and act upon, if they are to thrive in an ever-more digital world.

³ Models used include: Socio-Technical Systems Theory, Leavitt's Framework for Organisational Effectiveness, Lewin's Force Field Model and Model of Change Process, and Miles and Snow's Strategy Typology

The five challenges of digital transformation are:

Collaboration not competition – helping people understand the collaborative potential of new digital technologies

Articulating the opportunity – proving the wider value of digital transformation initiatives to stakeholders, beyond just cost reductions

Embracing fear of change – acknowledging the anxiety that change can cause and proactively supporting people through it

Balancing responsibility and risk – helping people move to a flexible, forward-thinking culture of continuous improvement and innovation, while recognising the scrutiny and responsibility of public sector operations

Respecting your ecosystem – understanding the environment an organisation operates in and how new digital technologies should fit within it.

A detailed exploration and analysis of these challenges provides the framework for this report. Crucially, each challenge supported by a range of practical tips and recommendations that explain how public sector organisations can go about tackling and overcoming it. You will find these recommendations at the end of every chapter.



“All of this type of change requires very clear direction. Our staff are users, internal users, and they need to understand and buy in to what we’re trying to do. It is absolutely important to engage staff to get them to contribute and collaborate.”

Helen Walker,
Chief Technology Officer, Operations
Group, Department for Education

03

A culture of digital transformation



Digital transformation is happening. Across the public sector, the impact of emergent technologies such as AI, machine learning, chatbots, big data and the Internet of Things are disrupting all aspects of operations.

In 2016, we revealed that nearly half (44%) of UK leaders surveyed believe their organisational models will cease to exist within the next five years. In both 2017 and 2018 that figure has reduced slightly, implying progress is being made in terms of the operational shift required to properly integrate new digital technologies into the workplace.

But alongside this powerful operational impact, the effects of digital transformation are being felt in more human and less instantly tangible ways too. Just one in four (27%) of the UK public sector leaders surveyed say their organisation is undertaking a major programme to change the workplace and organisational culture. This is higher than the 23% of private sector workers who claim the same thing, but still a far lower figure than is needed to drive genuine transformation at scale.

The reality is that digital change must be far more than an investment in the IT department or a few tweaks to the tools that staff use in their day jobs. Rather, it has to become a way of being. An ethos that starts with leadership but permeates all levels and areas of the organisation.

A culture

But what exactly do we mean by culture? Perhaps the best way to describe it is as a set of deeply ingrained beliefs and rituals that act as the glue sticking an organisation together. Led by accepted group norms and behaviours, it is something that unites individuals in a sense of belonging and joint purpose. People identify with a culture not because they have been told to, but because of shared values and attitudes that motivate and inspire them. It is what they do when nobody is watching.

The need for a holistic culture shift to support digital change – and how organisations achieve it – is the focus of this report. Here, digital transformation is considered in terms of the specific strategies, tasks, people and leadership, digital technologies, structures, ethics and politics impacting organisational productivity and performance in an agile digital workplace culture.

After all, many public sectors organisations are changing their technologies, infrastructure and processes. Evidence suggests that if they don't address the human elements of this evolution, lasting change is unlikely to happen. Or as Clare Barclay, COO, Microsoft UK puts it: "Technology is just the set of tools. You've got to get the right culture in place to unlock the tools' true value."



"In large and complex public sector organisations, managing digital transformation really comes down to effective change management. More than the technology, it's about bringing people along on the journey."

Kenji Takeda,
Director, Health and AI Partnerships
(Academic), Microsoft Research

“Technology is just the tools. You’ve got to get the right culture in place to unlock the tools’ true value.”

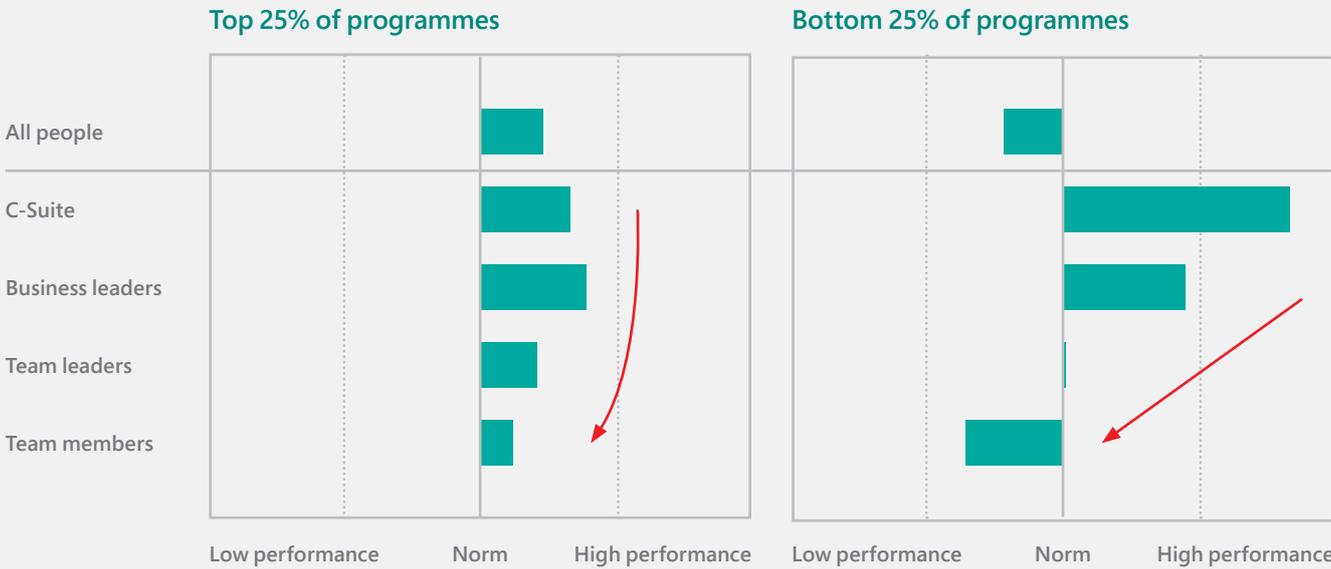
Clare Barclay,
COO, Microsoft UK

Of course, leaders are critical to creating an agile digital culture. They are, after all, the ones who set the mission, objectives and reasons for any programme of change. But as we explore in the following pages of this report, culture shifts cannot be dictated or mandated from the top.

And as we see in Figure 4, high-performing organisations source contributions from all levels to promote cultural change as a shared, consensual vision. In other words, they empower employees to experience, shape and evolve it themselves.

Figure 4.
Drivers of an agile digital culture

Top performers (in terms of business performance) have leaders across all levels of the organisation involved in planning and implementing culture change



Source: New Rules for Culture Change report by Accenture Strategy, 2016



Of course, some employees will be more instinctively willing to participate in the process of creating an agile digital culture than others. As Carol Dweck argues in her acclaimed book **Mindset: The New Psychology of Success**, every individual may be in either a fixed or growth mindset, and this can determine how they engage with and respond to change. (See box out.) As we discuss in more detail during our chapter on Articulating the Opportunity, organisations seeking digital transformation need to be deliberate about identifying and supporting natural innovators and change agents with a growth mindset – and empowering them to inspire those who lag behind.

Creating a culture of digital transformation and cultivating an organisational growth mindset is a considerable and ongoing challenge. One suffused with numerous specific, interwoven hurdles and potential barriers that must be overcome. It's an example of what Dweck calls 'the fabulous struggle' where mistakes must be made and learned from. Where risks must be taken and setbacks are inevitable. Where ideas should be followed and feedback flows freely. And where the whole organisation is united in seeing, learning and experiencing the benefits of new digital technologies.

Carol Dweck's mindset theory

Carol Dweck is a world-renowned Stanford University psychologist. Her Mindset Theory identifies two distinct mindsets that impact individuals' approach to practice and learning – within education and the workplace.

1. **Fixed mindset** – where people believe basic qualities like intelligence and talent are fixed traits that cannot be developed or embellished. Those with fixed mindsets tend to display a resistance to taking on challenges that hold the risk of failure.
2. **Growth mindset** – where people believe their basic abilities can be developed through dedication, good strategies and mentoring from others. A growth mindset leads to a love of learning and an active pursuit of new experiences to facilitate personal improvement.

However, mindsets can be changed, learnt and unlearnt over time, often with the help of certain environmental triggers. This notion of mindset shift is important for public sector organisations undergoing digital transformation. For example, creating a work environment that puts the emphasis on teamwork, challenge-seeking and learning can foster a more positive approach to change in colleagues who start out predominantly 'fixed'.

04 Collaboration not competition



Let's consider the first of our five digital transformation challenges: collaboration not competition. We've all heard the doomsday predictions about robots taking the place of humans and free-thinking computers snatching jobs from under our noses. But the reality is more of a reason for excitement than fear.

When it comes to digital transformation, machines are not taking over the world. Instead they rely on a process of machine learning or, put another way, they must first be trained by humans. Only after that can the employee and machine work together to become stronger and exceed expectations.

The key is making the benefits of this 'man and machine' collaboration obvious from the outset. To give people very clear examples of where technology is adding value, augmenting their capabilities and empowering them to succeed in the modern workplace. Sometimes this may be on a very mundane, day-to-day level like helping them remember commitments. But it can also be something more significant, such as the recent developments seen around semi-automated truck convoys in the UK.

In each case, though, the message is the same: these shifts happen but they are being instigated and led by people, not computers. Crucially, they can have a tangible and positive impact for employees – from freeing up their time for higher value, more enjoyable work to improving productivity.

This idea of technology and people working symbiotically, rather than competitively, is at the very heart of digital transformation. To go back to our original question of how organisations can create an inclusive, agile digital culture, challenging the notion among staff that 'computers are out to take their jobs' is key. Reassurance and understanding is required. This is evolution not revolution.

A lot, too, comes down to the type of tasks that technology can and should take on. For example, we asked our chatbot study participants across public and private sector organisations to break down their job tasks into three categories, listed below. (See Appendix for more information about the chatbot study methodology.)

1. **Repetitive, low-engagement tasks** that can be easily automated, such as standardised responses to customer service calls

"In the NHS, we have variable digital maturity, so a lot of our digital transformation work has been about culture and staff understanding. To get our clinical colleagues on board, we had to show them how this technology could benefit their practice. As a clinician, they're not worried about having a nice, shiny new piece of kit to use. They want to know how it will help them improve the quality of care they offer patients."

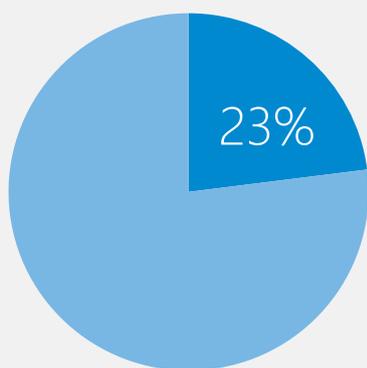
Amy Freeman,
Associate Director of IT, Mid Cheshire
Hospitals NHS Foundation Trust

2. **Tasks that mix elements of process and creativity** are a key candidate for humans and machines to work together. For example, using search data to inform marketing efforts
3. **Tasks requiring lateral and critical thinking or instinct**, so only executable by a person. This includes high-level decision-making and human judgements

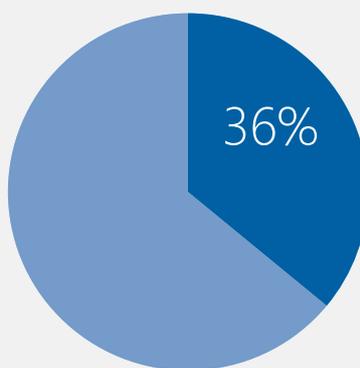
We found that while workers still consider the majority of their tasks to fall into the latter, human-only category, the number of elements categorised as either repetitive or a mix of process-driven and creative is significant. (See Figure 5.) That's a great opportunity for organisations looking to integrate technologies like AI, mixed reality and automation in order to enhance productivity and sharpen their operating model.

Figure 5.
Task breakdown

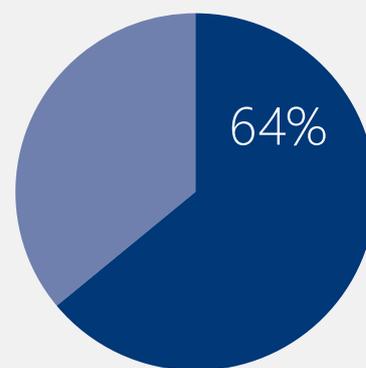
Percentage of tasks that can be substituted by automation or other forms of technology



Percentage of tasks that would benefit from augmentation with automation or other forms of technology



Percentage of tasks that can only be performed by a human



Unweighted base: All qualified respondents in the private sector (1003)

To bring the three types of task to life, consider the following scenario from the world of medicine.

In a GP surgery, the process of providing repeat prescriptions can be automated, taking paperwork away from doctors and freeing up valuable time for them to see patients. That's a repetitive task – and perfect for machine learning. At the other end of the scale is the appointment itself. The bed-side manner, reactive questioning and human empathy GPs must display during consultations. A computer could not deliver this – certainly not in a believable fashion anyway. That's something only a human can do.

The sweet spot for augmentation is the stuff in between. The tasks that still require human input but can be made better, easier, quicker and more effective by the involvement of technology. Among the UK public sector leaders we surveyed for this report, 61% recognise the possibilities here, agreeing that augmenting their workforce with technology is more important for productivity than simply automating tasks.

“If I use a hammer to put a nail in the wall I am augmenting my hand, right? I could bash the nail in with my hand, but that would take forever and it would hurt. If I do it with a hammer, it is much quicker and safer. Is a hammer an augmented tool? The fact it is not AI is kind of irrelevant.”

Ben Hammersley,
Futurist, Broadcaster, Writer

Discover how AI is transforming organisations across the public sector, from healthcare to local and central government, in Microsoft's Maximising the AI Report available here <https://bit.ly/2DFSpmw>

Meanwhile in our GP scenario, it's the examination part, where a machine can help doctors improve the accuracy of their diagnoses, for example. That's genuine augmentation. And it's where the potential positive impact of digital transformation on everything from productivity to customer satisfaction gets really exciting.

What this tells us is that digital technology does not hold the only key to enhancing an organisation's working practices, productivity and success. To work long-term, technology requires staff to adopt a mindset of embracing and harnessing it to enhance their existing roles. In other words, a culture shift.

Put that way, it sounds like a no-brainer, yet there's a 'but'. A 'but' that comes in the form of another uniquely human characteristic: anxiety. For many employees, hear the word 'augmentation' and they don't hear opportunity and improvement. Instead, they hear something nebulous involving threatful change, pressure to be always-on and even being replaced.

Yet in most cases, the actual impact of augmentation will invariably be positive – both for individual and organisation. The critical factor is ensuring the concept itself is demystified and defined, so people welcome, rather than worry, about it.

Rather than something ill-defined introduced from on high, augmentation should be discussed in a way that makes it clear how it can help employees in real terms – from saving time and reducing bureaucracy to allowing them to focus on what they enjoy or enhancing outcomes for citizens. Indeed, this notion of improving outcomes for the people the organisation serves is, arguably, even more important in the public sector than the private one. In the case of sectors like policing, medicine and defence, it can even be a matter of life or death – literally.

“There’s a lot of BS. I think many organisations do still think that stuff like AI is a kind of weird magic that you switch on in a piece of software and suddenly it’s as good as the next best member of your staff. It really isn’t.”

Pete Trainor,
Founder, author of *The Human Focused Digital Book*

48% of public sector respondents say new or different technologies tend to be introduced by the IT department. This falls to 37% in the private sector where the people driving digital transformation initiatives are often spread more evenly around the organisation.

“The key is to engage with staff early and communicate. They will make or break this piece of work.”

Andrew Foster,
Organisational Development Consultant,
Wiltshire Council



Of course, adopting this discursive approach takes time and effort. Yet, in many cases, the platform is already laid. Of the public sector workers we spoke to, 47% are already using cloud computing and 34% are employing analytics and big data, the technology trend identified as most prevalent in the sector.

Where these technologies are helping improve working practices and job satisfaction, the benefits should be communicated openly and collaboratively, helping build trust and anticipation across the wider organisation and laying the groundwork for the introduction of new, more advanced technologies, such as AI.

Crucially, the application of any new digital tools should invariably be supported by a clear training plan that helps people feel immediately at ease with the technology and ensures they understand its role as a partner in their work.

If further proof is needed, Aon Hewitt’s 2017 report *Managing Engagement in Times of Change* cites a positive correlation between the percentage of employees who are highly engaged in their organisation and overall performance.⁴ Thus, it seems that organisations that manage to demystify augmentation and bring their employees into the journey from the outset are more likely to foster the culture of empowerment and continuous improvement that is required to reap the rewards. Meanwhile, those that don’t, and who fail to help workers grasp the mutually beneficial nature of new technologies, are more likely to be met with resistance, disengagement and unhappiness.

Put more bluntly, building a culture of collaboration not competition could be the difference between successfully delivering public services in the future or becoming a sector irreparably left behind.

5 ways to collaborate with technology

1. Set a clear plan for continuous training and learning as it helps people adapt quickly to working with technologies that are constantly updated.
2. Futurist, broadcaster and writer Ben Hammersley suggests not talking about augmentation as something “separate and weird”. Instead, think about changes “in increments, where in the end people will forget they are served by technology.”
3. Encourage employees to find others who are struggling with a problem, so they can share in the struggle together and collaborate to move forward.
4. Consider the age of employees when forming mentored groups for interventions, allowing different brackets to learn from each other and excel.
5. Introduce mindfulness exercises in which employees try to think of how they used to do a task without technology and how technology has made that task easier.

⁴Managing Engagement in Times of Change; Aon Hewitt: March 2017



Case study: collaboration not competition

Why Wiltshire Council is taking its staff on the collaboration journey

To provide the best possible service to its citizens, Wiltshire Council is working to centralise its 300+ services into a single customer portal and is using Azure to better harness its data. The project is expected to save the council more than £5 million in the next three years, which it plans to invest back into the local community. Andrew Foster, Organisational development officer at Wiltshire Council, explains why digital transformation is key to creating efficiencies and helping staff focus on the work they're best at.

What made you take the first steps on your digital transformation journey?

Within Wiltshire, we run over 300 services and, up until recently, we've looked at different ways to make these digital – but not thought about how we can apply that thinking organisation-wide. Whether customers are logging on to check their benefit calculations or green garden waste collection, we want to make it easy for Wiltshire citizens to find the information they need and transact with us – which is why we're now centralising our customer portal for the majority of services and experimenting with virtual assistants to remove low value, low complexity tasks from staff, who can then focus on making decisions and improving the lives of Wiltshire citizens.

How will the new digital technologies you're experimenting with support council staff?

We want virtual assistants to take away manual, high volume repetitive tasks, such as data entry and copy and paste jobs, so that staff can focus on bits they're good at: making decisions and judgement calls, and spending more time supporting our citizens. Where we've experimented so far, employees have fully embraced the technology because they see the benefits it can bring. However, we definitely have a journey to go on with staff to help them understand how virtual assistants can help them. We recognise that we are at the very early stages of this journey and will need to work together to deliver the best outcomes.

What have you learnt so far?

The key is to engage with staff early and communicate constantly. They are central to ensuring the technology is adopted in the right way and they will help us to deliver the right outcomes. Technology is a tool; our employees are the enablers. It's also important to look at digital in terms of how it can improve citizen outcomes and benefit local community members – not solely as a way of saving money.



05

Embracing fear of change



As we began to explore in the Collaboration not Competition chapter, organisations undertaking a journey of digital transformation are almost certain to experience a degree of discomfort and doubt.

For starters, leaders may be concerned about the costs and resources involved, especially if things don't go right first time. Indeed, our survey found that nearly half of public sector leaders surveyed (47%) see budget constraints as the biggest potential barrier to successfully transforming into a digital organisation when asked to pick a top 3.

Workers, meanwhile, might well find themselves uneasy about over-complication, shifting job roles or even becoming obsolete. As we see in Figure 6 below, this trend is again borne out by our study, with nearly three-quarters (70%) of UK public sector leaders surveyed agreeing that alterations in tasks create anxiety among employees. That's compared to just 59% in the private sector. Meanwhile, more than half (57%) find employees express fear of change when digital transformation initiatives are introduced.

Of course, the common denominator here is change – and how people react to it.

Broadly speaking, individuals fall into one of two groups: those that fear change and underperform in these circumstances; and those that embrace it and thrive in a change-infused environment. The fixed versus growth mindsets we introduced from Carol Dweck on pg.12.

It follows that when it comes to the integration of new digital technologies, the first group will feel unprepared and coerced, and be more likely to develop a hostile attitude towards the new way of working. Meanwhile, the second group thrives under the pressure and challenge of adapting to new technologies, seeing it as an enjoyable and worthwhile activity that will advance their abilities.

Figure 6.
A climate of fear?

To what extent do you agree or disagree with the following statements?



“Some people are afraid of the technology, don’t want to use it, don’t feel comfortable with it, and want to keep using their old skills as long as possible. It’s vital to shift the ethos from being outcompeted or sub-genius in a genius culture, to the idea of a shared struggle where mistakes are inevitable and your team members and company have got your back.”

Carol Dweck,
Professor of Psychology,
Stanford University

Yet contrary to what you might think, these two types or people should not necessarily be seen as mutually exclusive. By creating an environment in which employees are encouraged to share their concerns, voice feedback and collaborate with each other as well as the technology, it is possible to create a culture where fear is recognised, empathetically tackled – and ultimately overcome.

Even something as simple as a ‘buddy’ system that pairs individuals from each group can be effective. Why? Because it gives the sceptics a safe and accessible peer who can walk them through the process step by step, and the more willing changers a chance to practice. Conversely, sweeping people’s anxiety under the carpet or simply pigeon-holing them as either willing or unwilling to move with the times, is a recipe for trouble.

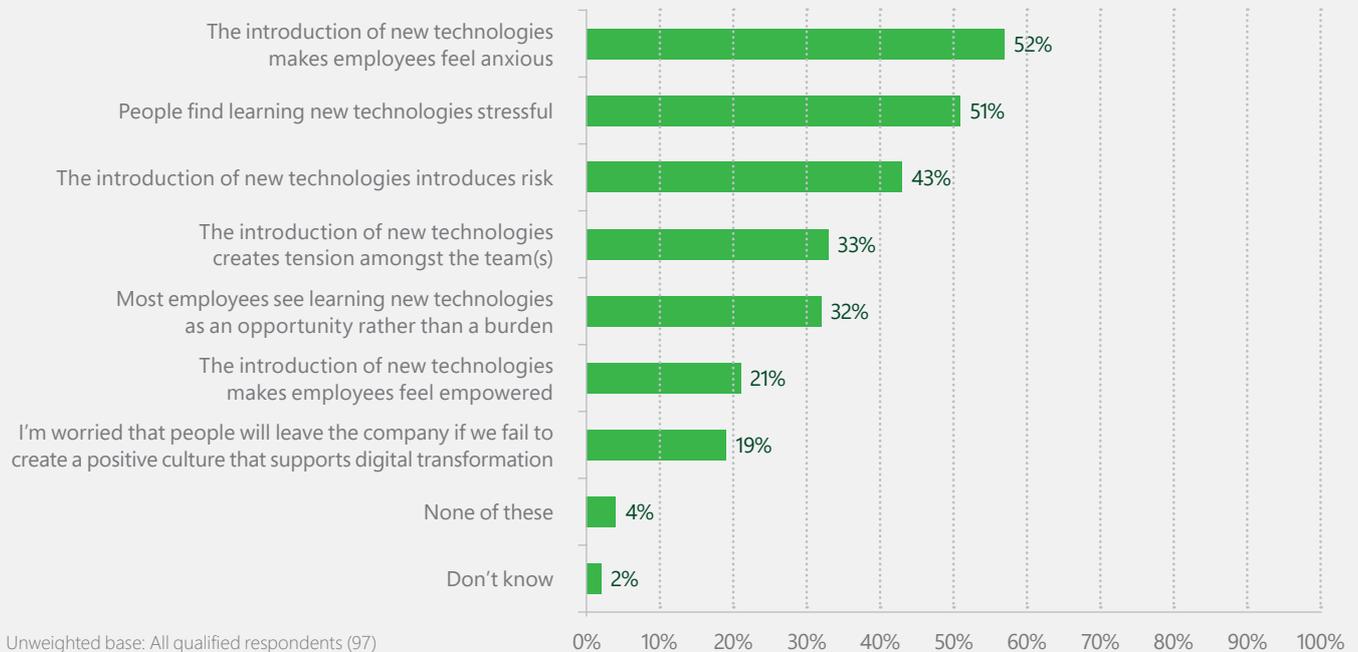
An essential element of embracing the fear is having an open culture that facilitates employee partnerships and views technology as a way to advance human motives, not undercut them. Indeed, our research indicates an organisation that is open to trial and error, co-creation and that embraces failure as an organic part of the process will perform better than one where risk-taking and trying new things is viewed with distrust.

Furthermore, our survey reveals a positive correlation between employees’ openness to digital transformation and leaders’ ability to interpret information around it. This suggests the more an organisation’s leadership are oriented around digital transformation, the more workforce culture opens up to it.

Clearly, this failure-accepting, fear-free culture has to be driven from the top. Strong role models and mentors must understand and promote a vision for the organisation that employees can understand, buy into and feel continually part of. They must also show themselves to be open to change and give people the time to experiment with new ways of working, learn from mistakes and build on successes.

Figure 7.
How UK leaders view digital transformation

Percentage of respondents that agree with the following statements



Alongside an organisation’s senior leadership, middle managers have a critical role to play here. By acting as a bridge between different levels, they can: a) help make the desired culture of openness and collaboration more tangible day-to-day; and b) ensure the process of change is more individual than aggregate. This, in turn, helps break the high-level vision down into meaningful outcomes for staff.

As for leaders themselves, Figure 7 from our survey shows there is wide recognition of the opportunity that new digital technologies offer. But when we consider lines two, three and four, the level of stress and anxiety that can occur along the way is stark. Leaning into those feelings requires considerable resilience, empathy and grit.

“We’ve found it important to identify advocates for the changes we’re making. We’ve occasionally met some resistance with people commenting: ‘We don’t know why we have these tools and technologies.’ But, if they can see the benefits and how it can make life easier, that positive sentiment spreads.”

Ian Turfrey,
 CIO, British Medical Association

Thus, as with promoting a positive view of augmentation (see Collaboration not Competition), we find ourselves back at communication. Conveying the right information in the right way might sound simple enough, but as Ben Hammersley observes: “The problem is the language used in a lot of transformation projects. If that language was fundamentally supportive of colleagues, the reaction to it would be completely different.”

Choosing your words carefully within an open flow of information and with a clear feedback loop is vital to embracing fear. Indeed, for many public sector organisations, the real tipping point of creating an agile digital culture comes when leadership successfully convince employees of the logic and benefits of new technologies and are seen to be addressing their concerns.

Over a fifth (22%) of the UK public sector leaders we surveyed claim digital transformation generates resistance from employees although it is worth noting that this is significantly lower than in the private sector, where the figure rises to 29%. This further underlines the danger of writing off public sector workers as steadfast preservers of the status quo compared to the corporate world’s forward-thinking lovers of change.

Meanwhile, a quarter (25%) think it will lead to older generations of workers getting left behind, again less than the private sector figure of 34%, and less than the number who believe it will be mainly a force for good (34%).

This highlights the potential risk for organisations when changes, benefits and intentions are not communicated transparently or are autocratically enforced. As we saw in Figure 7 earlier in this chapter, far from driving a positive culture shift, the result may well be a climate where people are fearful, suspicious and, most likely less productive than they were before.



5 ways to embrace fear

1. Reframe the language. Be clear and transparent about what you are doing and why you’re doing it. Highlight the benefits to employees alongside benefits to the organisation, and try to bring the changes you want to life through personal stories, rather than buzzwords that might turn people off.
2. Be clear that you welcome experimentation and are accepting of failure on the path to success. Show this through words but also through actions.
3. Be proactive in allowing teams the time and space to experiment, so they feel engaged in finding solutions and new ways of working with digital technologies.
4. Be empathetic and flexible, rather than rule-driven. Empathic leadership promotes a sense of team and increases productivity, morale and loyalty.
5. Encourage employees to team up and put processes in place that foster a culture of dialogue, conversation and feedback, as opposed to imposing ways of working on people.



Case study: embracing fear of change

Why the British Medical Association has invested in change management

The British Medical Association (BMA) is transforming the experience of its members and staff by introducing practical tools like online elections for committees, confidential discussion forums, and rota checkers to the 160,000 doctors who make up its membership, and inspiring positive engagement across its team. CIO Ian Turfrey and Finance and Corporate Services Director Patrick Murphy explain how they've supported their team through the changes.

How did employees react to the introduction of new digital tools?

PM: It's not been without its challenges. Four years ago, when we started this journey, we had a workforce that had not experienced any great change when it came to technology. We had to effectively pave the way for change and invest significantly in change management. We probably invested more in that than in the technology itself – we have staff dispersed across the UK as well – but that was the level of effort required to begin the process.

PM: Early results were painful at times. A year ago, we went to a meeting of our area managers and received a lot of criticism because we were still in the middle of embedding a new style of working. However, with the feedback from that meeting, our team was able to go away and refine and enhance the new tools to better meet the needs of our staff. Digital change requires time to embed itself into people's daily work lives. Change can bring teething problems, but most of the issues we faced were dealt with quite quickly. By getting behind the eyes of the user, you can reframe the way you're doing things.

How did you look to get internal buy in from your team?

PM: We wanted to create an environment that allows for positive engagement – of people being more informed, knowing what's going on around the business and what we're saying to the outside world. Our slick new intranet – something we didn't have before – means people can access everything, from the BMA's Twitter to staff blogs, and everyone can stay informed about what's happening. A lot of our leadership team use it too, helping to create a sense of engagement, which enriches the experience of working in any organisation.

IT: We've also found it important to identify advocates for the changes we're making. We've occasionally met some resistance with people commenting: "We don't know why we have these tools and technologies." But, if they can see the benefits and how it can make life easier, that positive sentiment spreads.

What's your process when it comes to introducing new technologies?

PM: We have a lot of things we want to do and we're now in a place where, as we come up with new ideas, we can say: "We'll do that in the first quarter or the second." We have a good framework where we capture that information and then manage expectations when it comes to delivery. We are also making sure that new technology for members is validated and tested with our staff first. The pace of change has increased, due to the hard work we've done around communication and change management.



06

Articulating the opportunity



While the private sector may have endured its own share of ups and downs in recent years, there can be little doubt that the public sector is experiencing a period of near-unprecedented challenge.

Spending controls, political instability and ongoing austerity are placing huge demands on organisations across the sector – all against the backdrop of a rapidly transforming technology landscape and the rise of a new generation of Millennial and Generation Z workers with very different expectations of their careers and work-life balance.

Yet it should be noted that in a recent research study by Sopra Steria, 64% of UK citizens stated that online services were ‘advanced’ and 58% believed that digital has a positive impact on the quality of public services, making them more frequent and easy to use.⁵

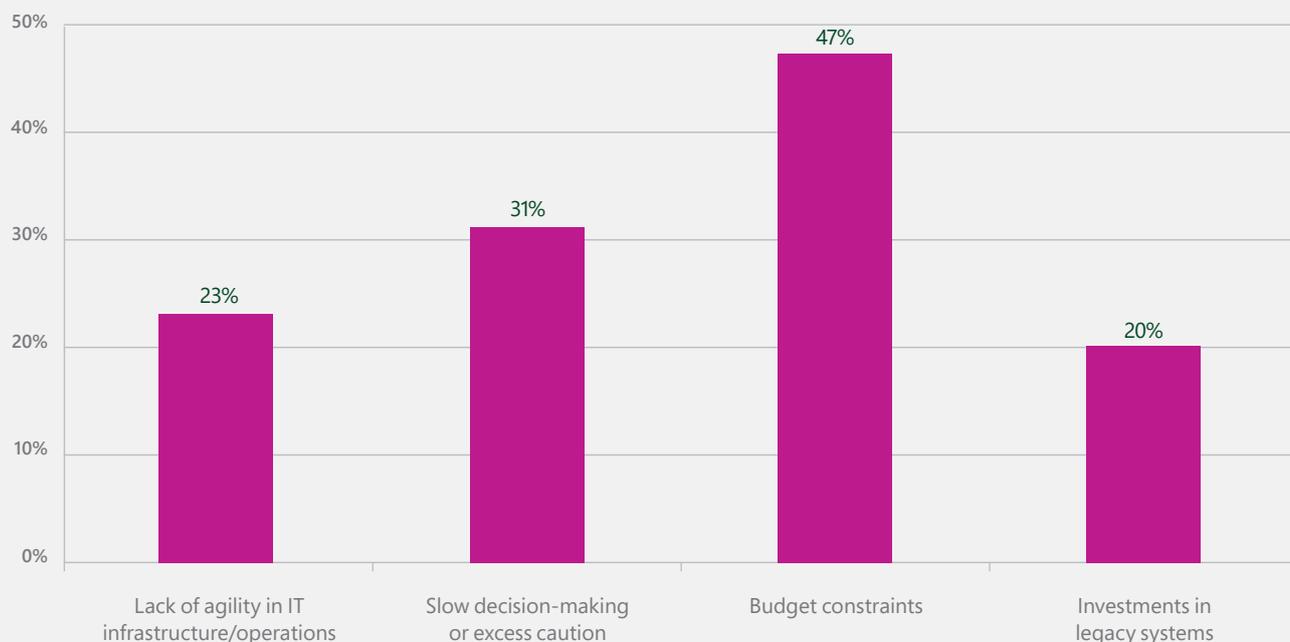
Meanwhile, when it comes to barriers hindering their organisation’s digital transformation, 47% of public sector workers cite budget constraints, 31% highlight excessive caution and slow decision-making, and 23% point to a lack of agility in IT operations and infrastructure. (See Figure 8.)

So, what can leaders do to challenge this scepticism and articulate the opportunity digital transformation presents to stakeholders within their own organisation and beyond? In many cases, the answer to that question lies in ‘show’ not ‘tell’.

Put another way: it is incumbent on people at the top of public sector organisations to make the case for change, clearly lay out the potential benefits and, ultimately, be at the helm of any culture shift required to deliver it.

Figure 8.

Biggest potential barriers to digital transformation



⁵The Citizen View of Government Digital Transformation; Sopra Steria

“Innovation isn’t produced and handed down to different people. It’s something that bubbles up in a process of experimentation and discussion.”

Govinda Clayton,
Executive Director, British Conflict
Research Society



Particularly pertinent for the public sector here is looking beyond just cost reductions. While this may spark initial interest among leaders under pressure to deliver economic efficiencies and spending cuts, the chance to contribute to a more financially competitive team or department is unlikely to be the primary motivation for embracing change among employees. More likely to resonate is a sense of opportunity for personal progress through the development of new skills or knowledge, the scope to ‘outsource’ more mundane aspects of their role to technology or simply the ability to deliver better outcomes for the people they serve.

To put that into a real-world context, Mid Cheshire Hospitals NHS Foundation Trust (featured on pg.35) is currently employing a new triaging system, providing care home workers with the ability to Skype clinicians in A&E departments to discern whether hospital admissions are necessary. As Amy Freeman, Associate Director of IT, Mid Cheshire Hospitals NHS Foundation Trust, explains: “The success comes from making sure everyone involved is working for the greater good together. That’s meant understanding different motivations and looking at the wider picture to make sure, holistically, we get the best outcome.”

Though leaders like Freeman are vital to setting the initial direction and reasoning for any change project, true digital transformation can never be top down. Our research indicates that while the vision and strategy may be born in the boardroom –54% of the UK public sector leaders we surveyed agree this is the case – ultimately, it should be driven from the ground up if it is to succeed long-term.

Specifically, that means giving employees the time and resources to test, develop and report back on new ways of working in real scenarios. Just 31% of public sector workers say they are encouraged to experiment with new technologies in their day-to-day jobs. This figure is far lower than in the private sector (50%) and must change quickly if true digital change is to be achieved. Workers’ experiences, failures and successes can then analysed objectively and used to uncover tangible, measurable benefits of the new digital technologies being proposed.

The by-product of this is a deeper sense of involvement in the journey among staff. If people can feel valued and included, they are more likely to adopt a mindset of ‘why wouldn’t we?’ than ‘why should we?’. This pushes them towards trying something new with the confidence that it will improve their tasks and performance.

What’s more, being able to take small, controlled steps towards a new behaviour and then consider and report their progress in a safe environment helps staff become incrementally comfortable without feeling forced to move too quickly.

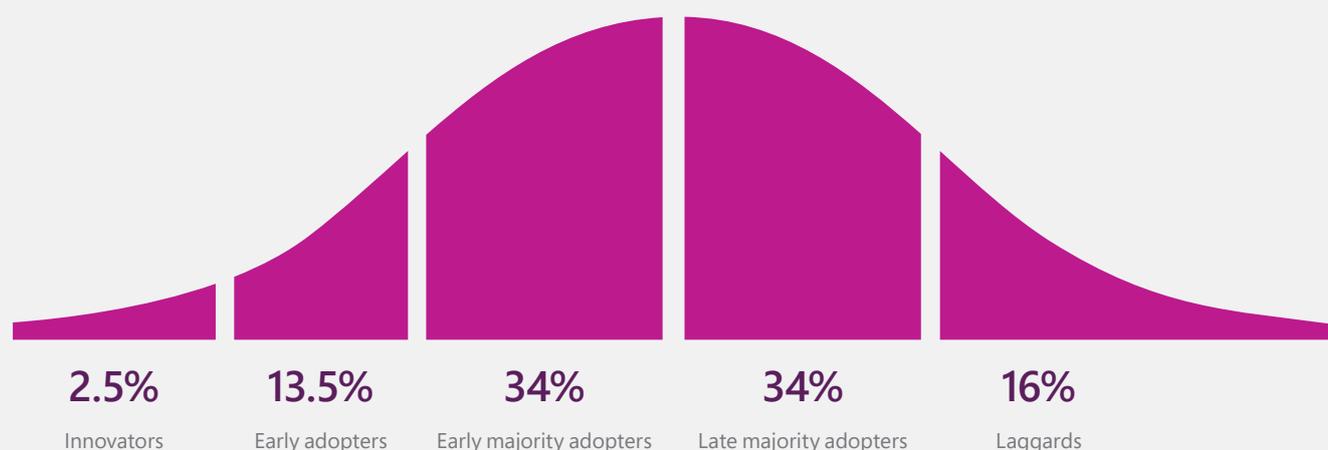
But if carefully planned pilots are crucial to digital transformation, what about the people to involve in those test projects? Clearly, for most public sector organisations, it is not feasible to have every employee involved in piloting a new piece of AI that may or may not be rolled out universally.

Instead, they must look to advocates beyond the leadership group. People in the workforce with an innate growth mindset, who are instinctively willing to engage in new projects across different teams and locations. To put this in terms of Everett Rogers’ renowned technology adoption curve, these are the 2.5% of people who are innovators. (See Figure 9.)

“People have been genuinely enthusiastic, probably because we’ve tried to take an inclusive approach from the design perspective. It has not just been about deploying technology and launching it on them.”

Jenny Nelson,
Digital Newcastle Programme Manager,
Newcastle City Council

Figure 9.
Technology adoption curve



Source: Everett Rogers’ diffusion of innovation 1962

Often, innovators will be the first to approach leaders with ideas, presenting themselves proactively after company meetings and forums. Trusting in this method of 'natural selection' is therefore important when hoping to embed digital change. As Govinda Clayton, Executive Director of the British Conflict Research Society, explains, when innovators are allowed to self-identify proactively within an organisation, "things occur more naturally and common interests emerge much more organically."

This is good news for any organisation, giving them an instant pool of leaders (both formal and informal) who can not only shape the technology itself but also act as 'cultural carriers', helping push others towards the desired change. Trusted by peers, they are catalysts for innovation and key to highlighting the opportunities that new digital technologies present in terms of value, productivity and job satisfaction. Crucially, they can use their own pilot experiences to inspire others to follow their lead.

Meanwhile for public sector leaders – of which only 39% of those we surveyed agree that digital tools empower generalists to act as specialists by making information easily accessible – having clear outcomes from pilot projects helps get staff excited about the opportunities of change not the challenges. It also enhances their own ability to make informed decisions about next steps.



5 ways to articulate the opportunity

1. Identify the innovators within your organisation. They are the people that ask questions, that raise potential problems but also who offer potential solutions. Empower them to highlight the benefits of new technologies and help lead the charge towards cultural change.
2. Set out clear goals and reasons for digital transformation to your workforce. This will create an environment that encourages people to trial new ways of working as they know why it will improve their tasks and performance.
3. Introduce new technology or processes in phases, with built-in feedback loops. This lets workers feel comfortable with new digital technologies and get used to change at their own pace.
4. Appoint change agents: individuals or teams who display the behaviours required and will motivate others to embrace transformation when they lead by example.
5. Create new key performance indicators (KPIs) that emphasise, encourage and reward digital behaviours.



Case study: articulating the opportunity

Why Newcastle City Council is focused on starting small and proving value

Newcastle City Council is embracing digital transformation with a service design approach to deliver better services for Newcastle citizens. Jenny Nelson, Digital Transformation Programme Manager, explains how the council has taken employees and citizens alike on the journey with small-scale projects that deliver.

Where is Newcastle City Council on its digital transformation journey?

We've come a long way. We first set up our digital transformation programme and team to look at implementing a new CRM system, but quickly realised there was a lot more we needed to do to succeed in our ambition of providing better citizen services.

Now, we've moved away from simply digitising services in their current entities. Instead, we're thinking bigger and taking a service-design approach. This means involving the right people from the start and unpicking issues, before designing solutions to them that will really work for our citizens.

Tell us about some of the solutions you're trialling

One thing that has come out of this is the use of AI and cognitive service tools (such as bots) to make our customer service more user-friendly and efficient. Our WasteBot, for example, has turned the process of applying to take household waste to the tip, which could take up to two weeks, into a 90 second task.

We've also got an adult social care bot which customers can interact with on our website to provide people with the information, advice and guidance they need on a range of care

services. What's really important with this tool is that it recognises when the customer needs to be directed to speak to a member of our staff – to ensure people get the support they need.

What have you learnt so far?

Bringing the organisation along the journey has been really key for us. Part of my role involves ensuring our digital transformation supports everyone within the organisation. It has also been vital to have the right support from senior stakeholders. At the end of the day, local authorities are political organisations and digital understanding at the leadership level has been crucially important for our programme.

How have staff within the council responded to change?

There has been some scepticism, but there has been lots of enthusiasm too. In the beginning, we'd have a conversation about what's possible, and then people wouldn't expect it to actually come to life. Part of this comes down to picking the right kinds of projects to experiment with. Starting small and scaling up helps teams build trust, get feedback, learn lessons and build confidence. These initial projects have helped us to adopt a growth mindset and say to ourselves: "why shouldn't we be able to achieve this within the council?".

And what about council citizens?

I've learned that it really gains the trust of citizens if you take their feedback on board. We make it very clear when we are putting out digital innovations in beta stage. You have to have the confidence to say: "We know it's not perfect yet. Tell us what you think. Try it, use it and we'll improve it."

07

Balancing risk and responsibility



'We can't do that. Imagine the consequences if it went wrong!' – how many people working in or with the public sector have heard or perhaps even uttered something similar to that?

Such concerns are often entirely valid. From policing to defence, education to health, the welfare state to community care, public sector organisations carry the ultimate responsibility: protecting, nurturing and enhancing the wellbeing of citizens all over the country. Invariably, they are also subject to intense public and media scrutiny, not to mention harsh criticism when things go wrong.

This is not just a question of successful service provision either. From local governments and schools to nationwide institutions like the HMRC, Home Office and NHS, public sector organisations are charged with securely managing vast amounts of personal data, often for some of the nation's most vulnerable people. Get that wrong and the ramifications are considerable – an issue that recent high-profile data scandals have thrust to the very top of today's public agenda.

Of course, that's not to say technology failures and data breaches simply pass unnoticed or without consequence in private enterprises. Yet compare an unexpected shutdown or period offline in a hospital to one in a supermarket and it brings into sharp focus the critical nature of maintaining safe, secure and reliable technology solutions across the public sector. Similarly, when publicly-funded programmes go over budget or do not deliver optimum results, angry accusations of 'wasting taxpayers' money' inevitably follow.

Given all that, it is easy to understand how a risk-averse culture and an 'if it ain't broke, don't fix it' mentality could proliferate. But the truth is that when it comes to digital transformation, the ability to be flexible, welcome change and lean into the challenge of balancing risk and responsibility is crucial.

During our research, we uncovered a strong sense of personal accountability among public sectors workers when it comes to data protection. Nearly two thirds (64%) feel they are, to a certain extent, individually responsible for cyber security within their organisation. Yet, at the same time, less than half (49%) say they receive regular training in this area, potentially limiting their ability to stay on top of the evolving cyber threat. Increased education and learning opportunities around how to protect against cyber risks may make staff more comfortable in adopting new digital solutions in their daily work.

"For the public sector, it's a huge and complex challenge to keep the lights on and reinvent at the same time."

Alex Taylor,
Apps & Infra Customer Success Lead,
Public Sector, Microsoft UK



“The defence industry talks agile but very few are actually delivering incrementally according to agile principals. Quite often we find that it’s the same people delivering change projects but with a different sticker. The Army’s procurement processes and structures are still primarily focused on delivery in a mechanistic waterfall manner.”

Lt. Col. John Dagless,
British Army

Whatever the nature of its operations, any organisation aspiring to thrive in a digital world requires speed and agility – two characteristics not always readily associated with the public sector. Yet, in truth, there are some relatively simple, practical ways for public organisations to shift to a more risk-friendly mindset without losing sight of their responsibilities to the people they serve.

For example, swapping traditional ‘command and control’ structures in favour of a more agile ‘networks and nodes’ approach helps build an environment in which decision-making is democratised and solutions are crowd-sourced. This, in turn, can counteract excessive caution and inspire fresh, more innovative thinking by allowing the organisation’s digital transformation to be shaped beyond just a core leadership group or the IT department.

Similarly, solutions like cloud computing can be a really effective way to move an organisation’s digital transformation forwards because they allow organisations to approach the change in a more tailored, bite-sized manner, right-sizing the technology as they go rather than trying to manage a huge, monolithic IT infrastructure project with multiple moving parts. As we said earlier in the report: this really is a case of evolution not revolution.

The key, though, is to be thinking about how and where in the organisation digital progress can happen without the need to take risks that leadership, employees or other stakeholders do not feel comfortable with.

The critical nature of many public organisations’ work will be unwavering – after all, no amount of technological advance will change the fact that police protect us against crime and social workers support the lives of the most vulnerable people – and this should be recognised. But, at the same time, it’s vital to promote a mindset in which workers understand that doing that same work successfully in the digital era may require new skills and previously untested solutions.

Put another way: standing still and doing nothing in a rapidly changing world will, in the long term, represent a greater a threat to the public sector’s ability to serve UK citizens than exploring more agile, technology-based ways of working. Why? Because although these solutions may, on occasion, come with teething problems or require recalibrating to be truly fit for purpose in the field, they will, ultimately, drive the organisation forward into a more productive, efficient and effective future.

“A growth mindset organisation promotes a feeling of empowerment among its staff. It transcends the sum of its parts and people believe they can be more than they are right now.”

Carol Dweck,
Professor and Psychologist,
Stanford University

As with many of the other challenges we have considered so far, much of successfully balancing risk and responsibility comes down to the open flow of information. Only if workers understand the potential benefits, particularly if technology does not immediately work as it should, can they make informed decisions about how best to use it. In an information gap, caution and cynicism usually reign.

As Govinda Clayton argues: **“The most common reason for resistance to change is a lack of clear communication. Improving the speed at which information is delivered, and ensuring that the right people get the right information at the right time to prevent rumours circulating allows you to manage conflict better.”**

Perhaps the most effective way to sum up how to balance risk and responsibility is to think back to the S-curve model. (See Figure 3, p7.) Here, as one digital innovation is embedding and moving an organisation forwards, the next one is already well underway. This is the very epitome of balanced, agile thinking – the willingness to keep one eye on progress while supporting and training staff in reaping the rewards of the previous one. Or, in the words of Microsoft UK’s Alex Taylor, to **“reinvent and keep the lights on at the same time.”**

Only with a mindset of continuous, iterative, collaborative improvement can an organisation drive genuine cultural and operational change. And only then can it hope to evolve in a way that lets it meet the changing needs of citizens and employees alike.

5 ways to articulate the opportunity

1. Consider digital transformation as an ongoing, iterative process of continual improvement. Technologies evolve, so setting out a mission for the journey doesn’t mean having an inflexible end goal.
2. Don’t treat the different elements of digital change as linear projects that must be completed before moving on. The most successful organisations begin the next step while still in the midst of the previous one. (See Figure 3, S-Curve model.)
3. Create a feedback loop to identify points of tension and use conflict mapping to identify all the individuals, situations and interactions where conflict is most likely. This allows you to prepare and intervene in advance.
4. Starting with leadership, promote a growth mindset for the organisation where innovation and experimentation are encouraged, and failure is not punished but seen as an opportunity to learn and improve. But...
5. Accept that employees will have a mix of growth and fixed mindsets. So, when met with resistance: a) remember it is the mindset talking not the person; and b) be aware that mindsets can change. This will prevent frustration and help maintain a focus on solutions.



Case study: balancing risk and responsibility

How Mid Cheshire Hospitals NHS Foundation Trust balances productivity with maintaining a high standard of care

To help free up vital resources, Mid Cheshire Hospitals NHS Foundation Trust wanted to encourage more effective ways of working, without compromising on patient care. By introducing tools, such as Skype for Business and Microsoft Teams, Trust practitioners are able to collaborate in a faster, more effective way with each other, as well as the trust's many partner organisations, relieving pressure on time-poor employees. As Associate Director of IT Amy Freeman explains, these tools also are providing better ways of communicating with patients, reducing waiting times and allowing people greater autonomy over their illnesses.

How is new technology impacting staff and patients?

Video technology like Skype, for example, allows concerned carers to contact our out-of-hours service about vulnerable people and receive initial advice and guidance, rather than sending them straight to A&E in an ambulance. Doctors can triage patients virtually, ask questions and then decide on the best course of action. This helps to reduce waiting

times in A&E, makes sure patients get the right care faster and that precious NHS resources are used wisely. Doctors can also more easily confer with colleagues, and show them images, helping them to make better decisions about care, whether the patient has heart failure or recently suffered a recent stroke.

Another example would be if a patient comes to A&E with a break or fracture, that record can be added to a virtual clinic. Doctors can then conduct a follow up video consultation and decide whether to discharge that patient or assign them to a specialist, without them needing to travel into hospital again.

Video chat is also helping us with recruitment. If you're a consultant living abroad and looking for a job in the UK, the only contact you will have with the hospital you're potentially going to work for is a telephone call. By using video chat, however, we can see and talk to candidates, which makes for a far more insightful interview – a lot of that body language you get from a face-to-face interview, you can see on screen as well.

What has helped to make digital transformation at Mid Cheshire Hospitals NHS Foundation Trust a success?

NHS investment in technology and associated skills has been quite low, so a lot of our transformation work has been around culture change. Historically, people have used a lot of paper and there has been a lot of physical walking to go and see someone, as opposed to writing them an email. Embracing new tools and technology has therefore been quite a step change. To get clinicians on board with these changes, we needed to show them scenarios from around the NHS network where technology could benefit their practice. Ultimately, as practitioners, they're worried about the quality of care they're delivering, not about the quality of the kit we give them. Using examples of colleagues able to improve patient care with new technology has spurred them on.

We also engaged our executive team early on, making sure they were aware of all the benefits of introducing new technology to our trust. Showing them what the technology is capable of helps them to champion it from the very top. We've also created a network throughout our organisation, at all levels, from admin staff to consultants, to foster discussion, and explore and understand the benefits for each and every role. It's been an awakening for a lot of staff. They're now starting to come to us with ideas, saying: "I'd really like to be able to do this for my patients. What do you think?"

What advice would you give other trusts looking to adopt new ways of working?

Make sure that all the parties you regularly interact with, be that the ambulance service or care homes, are on board and working together for the greater good because without every piece of the puzzle, it's impossible to drive lasting change with real impact. Create a road map so you understand your needs, not just for today, but in the future as well. Connecting and interacting with other trusts embracing similar tools has also helped us to learn best practice from others, share information and collaborate, as well as to avoid unnecessary mistakes.



08

Respecting your ecosystem



So far, we have examined the challenges around digital transformation from the inside out. And with good reason. As we have already seen, many of the primary factors that influence a public sector organisation's ability to create a culture of digital transformation are driven by the people and practices within it.

But there are, of course, external elements at play here. Digital change requires disruptive thinking, new ideas and risk taking. But just like any major decision or organisational change programme, the context in which it happens is vital to its success.

More than any other, the public sector is beholden to a wide-ranging political, regulatory, ethical and stakeholder ecosystem that determines how, where and when new technologies are implemented – not to mention the heightened public and media scrutiny discussed in the previous chapter.

Here, digital transformation simply cannot come at the expense of an organisation's standards of governance, compliance and data protection. And that's equally true whether we are talking about all-encompassing policy developments, such as the EU's General Data Protection Regulation (GDPR), right through to public-sector-specific issues like national security, election protocols and the national curriculum.

Indeed, 64% of our survey's public sector respondents agree that their organisational leaders have to keep pace with rapid changes in operating environment, reflecting the reality that the external climate creates major and perpetual challenges for leaders and decision-makers.

Here, the British Medical Association (BMA), who spoke to us as part of our research, provides a good example. As Chief Information Officer, Ian Turfrey explains: **"Innovations allow us to run quicker and faster but we still have to manage operations to make sure everything is secure, reliable and robust."**

In other words, yes, achieving digital transformation is important but it cannot come at the expense of the organisation's operational rigour nor its mission to support doctors during one of the most turbulent times in the UK healthcare system's history.

This is reflective of a strong focus on ethics and data protection among UK public sector leaders. Almost two thirds surveyed (64%) agree their organisation's systems for managing cyber security threats are regularly updated to the latest version, while 49% commit to training employees regularly in countering cyber threats.

Informed decision-making?

Our study found that 36% of UK public sector leaders surveyed agree that decision-making about technology is based on rational analysis rather than internal politics in their organisation. Moreover, 51% agree that IT decisions are often made by people who don't understand employee or customer needs. This raises the need for organisations to re-evaluate how decisions are being made, and ensure they're taking into account the needs of citizens and employees.

But ethics, compliance and even the political and regulatory landscape are just parts of the puzzle. In fact, the BMA example reminds us that the role of UK citizens – the public sector's 'customers' – in this ecosystem cannot be forgotten either. Throughout any digital transformation journey, organisations must ask: 'Is the change we are making going to improve outcomes for the people we serve?' – in the BMA's case doctors, for other public sector organisations, the people who use their services or are subject to their laws, policies and procedures. If not, the change probably needs re-calibrating.

This brings us back to a point we have touched on previously. Namely, that creating an agile digital culture cannot be achieved in silos or within one small part of a company. Instead it must be sought holistically, encompassing all stakeholders and situations – both internal and external.

Thus, the final, major part of respecting your ecosystem comes down to closing the gap between leadership and staff. As Ben Hammersley puts it: **"The core vision and purpose of an organisation is the fundamental reason to have a CEO – to maintain purpose and to create a shared vision of the future."** The challenge for leadership is ensuring that employees buy into and feel intrinsically part of that vision, as well as believing they are able to help shape the cultural shift required to get there.

“Getting the buy-in from staff and making sure our leadership teams are all working and pulling in the same direction for me has been key.”

Helen Walker,
Chief Technology Officer, Operations
Directorate, Department for Education

What’s more, in the case of digital transformation, this is allied to a need to ‘walk the walk’ rather than simply ‘talk the talk’. As Microsoft’s Steve Clayton explains: “Words can get pretty hollow, pretty quickly if they’re overused, and people will generally have a negative reaction to trotting out a set of buzzwords, whether it’s digital transformation or cultural change or growth mindset or anything else. Living and breathing the stories versus just using the words is the biggest lesson we’ve learned and that I could offer anyone else.”

Of course, the challenge for many leaders is that the qualities that got them where they are in the analogue world may be different to those that will breed success in the digital one. They are therefore trusted only when they are seen by their employees to be truly competent as well as proactive not reactive when it comes to how they are driving the organisation forwards. This challenge for leadership is especially pertinent in the public sector, where workers are 10 percentage points more likely than private sector employees to say their organisation reacts to external events and developments instead of following a well-defined strategy or plan (47% vs. 37%).

Consequently, rather than be suspected of simply paying ‘lip service’ to the importance of digital transformation, they must clearly demonstrate the competence and external foresight to embrace it appropriately. If they don’t, technologically fluent employees, as well as other informed external stakeholders, will be less inclined to believe and follow them.

5 ways to respect your ecosystem

1. Take the time to educate and reassure employees about how the process of digital transformation fits within the political, regulatory and ethical landscape – both inside and outside the organisation. Understand the stakeholder framework you need to operate within too.
2. Make sure teams are fully aware of any changes to their operating environment, including regulations that may impact the adoption of new technologies, such as GDPR.
3. Encourage teams to consider and demonstrate the value of innovations, not only to their team or company, but to the wider industry as well.
4. Communicate the goals of your organisation and praise employees for engagement, trying new strategies, persistence, seeking appropriate help and improvement – not just sheer attainment. This improves morale and motivation.
5. Start meetings by going around the table and asking each person what aspect of digital transformation they are currently struggling with. This is Carol Dweck’s ‘fabulous struggle’ and following it promotes empathy and collaboration.



Case study: respecting your ecosystem

How the Department for Education is rolling out data driven digital services to the education sector

Here, Helen Walker, Chief Technology Officer, Operations Group, Department for Education discusses the organisation's modernisation strategy and how it is responding to policy initiatives with digital.

Tell us about what you're trying to achieve?

Here at the Department for Education, we're given a very clear set of priorities around teacher recruitment and retention, teacher workload, careers and retraining and apprenticeships. To enable us to deliver on those priorities, we need to create services that work for the education sector – and to do that, we need technology that is scalable, agile and resilient. We have spent the last 2-3 years modernising our infrastructure, and now have the foundations on which to develop the data-driven digital services the education sector needs.

What challenges have you encountered along the way?

Like many public sector organisations, our modernisation has been set against the backdrop of an increasingly difficult fiscal context and structural change. This means we must respond quickly to deliver on new policies and priorities. As soon as a policy initiative is agreed, we are trying to look at the problem statement from the user point of view to determine the best way forward.

How have you built up the skills to deliver on this project?

We wanted to build our technology team's confidence and create sustainable skills within our organisation, so we're upskilling our own staff and doing it the hard way: ourselves.

From an employee point of view, to some extent it has been a case of getting our internal offer to match what they expect from technology outside of work. However, we did have to do lots of communication and engagement. My lesson was that we didn't do enough education and training at the start, which slowed our initial adoption curve. Now the change has been welcomed and technology is helping our people do their jobs effectively, which is reflected in our most recent People Survey. When asked if the technology we provide DfE staff enables them to work flexibly to deliver departmental objectives, 82% agreed – a 28 point increase over the last two years, and one we are all proud of.

09 Conclusion



So, what, then, should public sector organisations take away from this report? Or to go back to our original question, how can they go about creating a culture of digital transformation that is agile enough to evolve alongside new technologies, effective enough to improve outcomes for citizens and collaborative enough to foster a sense of empowerment among employees?

As we have seen and heard from our field research, chatbot study, subject matter experts and workshops, there are five key challenges that must be overcome on any digital transformation journey. Specifically:

Collaboration not competition

- The concept of working with machines can be confusing and unsettling
- Help people understand the collaborative potential of new digital technologies.

Embrace fear of change

- Any organisational change brings with it a feeling of fear and stress
- Acknowledge the anxiety change can cause and proactively support people through it.

Articulating the opportunity

- Employees and stakeholders don't always buy into the digital transformation strategy
- Be clear about the opportunity new technology presents beyond reducing costs and showcasing successes.

Balance risk and responsibility

- There's no escaping the fact that public sector organisations face greater scrutiny and responsibility than their private enterprises
- Foster a culture of improvement where employees can experiment with new ways of working without making themselves, leaders or other stakeholders uncomfortable with the level of risk.

Respect your ecosystem

- It's a challenge to align your organisation's progress with the ethical, regulatory and political environment it operates in
- Understand your internal and external ecosystem and how new digital technologies should fit within it.

Critical here too, though, is what's missing from that list. Size, shape and focus area should not be allowed to become barriers in a digital world. Instead, to move forwards and succeed in this fourth industrial revolution, it is up to every public sector organisation to develop its own unique plan for digital transformation. To be responsive to change inside and outside its own four walls. And to lean into new technologies rather than treat them with suspicion.

Undoubtedly progress is happening. More than a third (42%) of UK public sector leaders surveyed who agree their organisation has a clear and formal digital transformation strategy say it has been in place for over three years. Meanwhile, their falling concerns around the longevity of their operating model also suggests change is well underway.

"There's a real maturity curve in terms of how public sector organisations are using technology – some are just getting started, some have quite an advanced review. What is clear, though, is that technology is, and will continue to be, vital in helping the public sector to deliver the best citizen services possible."

Chris Perkins,
General Manager, Public Sector, Microsoft UK

Microsoft is committed to helping public sector organisations digitally transform, offering essential tools, training and working with the UK Government to make this a reality. To get started on your own digital transformation journey:

Discover how Microsoft is working to transform public sector organisations: <https://bit.ly/2Bpfvex>

Learn about Microsoft's partnership with the Crown Commercial Service to offer Public Sector software discounts: <https://bit.ly/2CMXITL>

Explore Microsoft's free, hands-on learning platform to make the most of new tools: <https://docs.microsoft.com/en-us/learn/>

Find out how government projects such as GovTech Catalyst are driving public sector innovation: <https://bit.ly/2DFSpmw>

Yet we have also seen there is still much to be done, especially when it comes to addressing the holistic cultural shift required for change to be deep and lasting. Indeed, while ethics and technology have been identified as the primary drivers and focus areas of digital change, this report should prompt us all to ask: 'where are the people?'

Each of our five challenges to creating a culture of digital transformation are rooted not in operational concerns (although these, of course, remain vital) but human ones. Factors that help develop the overall agility of the organisation, and that actually shift people's attitudes towards change and transformation.

How do we embrace people's fears and anxieties about upskilling, new job roles and working in collaboration with machines to improve productivity and ways of working? How can we ensure employees at every level of the organisation feel engaged, involved and empowered in the process of change? Who are the people that can help leadership inspire others around the integration of new technologies? And how can we ensure that any transformation we make as an organisation ultimately leads to better experiences for the people we serve?

These are some of the key questions this report has sought to explore and assess, with clear, practical recommendations for how to answer them and, in doing so, overcome the five key challenges of digital change.

As our study findings show, the majority of public sector organisations are at the beginning of their journey to adopting a true culture of digital transformation. Yet, at the same time, there is much to be positive about. Contrary to common perception, the public sector is far from wedded to the past or even to preserving the status quo. Instead, more and more organisations are already actively seeking to lay the foundations for a successful digital future.

Of course, progress will not be uniform. Sometimes the steps taken will be small. Sometimes they will be more significant. They may not all happen at the same pace. And they must all be achieved against the backdrop of turbulence and change for the public sector as a whole.

But one thing is certain: take the right steps now, and the digital culture that's created will be positive, agile and long-lasting.

To download a digital copy of this report, visit:
aka.ms/digital-transformation-strategy

The 5 first steps on your digital transformation journey

1. Set a clear mission, goals and reason for digital change, including how it will improve the working lives of your people.
2. Articulate these to your team openly and reinforce them regularly through diverse communication channels.
3. Identify innovators and change agents within your organisation – and empower them to lead the charge.
4. Provide individuals with the tools and freedom to experiment with new technologies and find pathways to achieving the mission, while treating any failures along the way as learning experiences.
5. Incorporate a clear feedback loop and establish intervention strategies for resolving conflicts and tension.

What do I do now?

Whether you are large government department or a smaller public sector organisation or body, please visit: aka.ms/digital-transformation-strategy/publicsector for more information and resources designed to help you start your digital transformation journey or build on the progress you have already made.

10

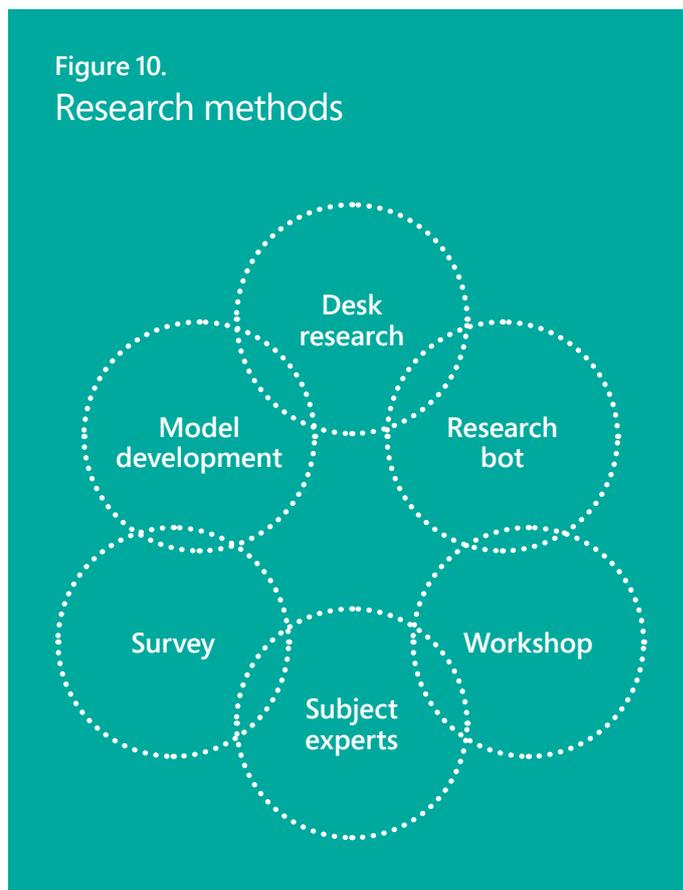
Appendix

Overall methodology

Microsoft's "Creating a culture of digital transformation" study was conducted by Microsoft in partnership with Goldsmith's, University of London and Smoothmedia in summer/autumn 2017. Additional literature review and qualitative analysis of the public sector specifically was undertaken in spring/summer 2018. The process of researching innovative technologies requires an agile methodological philosophy capable of incorporating a diverse range of methods.

- **Extensive desk research:** in academic and media articles and related industry reports used as a guide to form the hypotheses of the project, key issues, new ways of thinking and best practices.
- **Qualitative exploration:** including desk research and informal interviews reveals numerous conceptual models that can be used to understand digital transformation and organisational change. These are generally made up of a number of dimensions. Drawing on the best practices of these models we generate a model specific to the assessment, measurement and requirements of understanding an agile digital culture.
- **Subject matter expert interviews:** including academics, public sector experts and third-party commentators focusing on verifying and commenting on the dimensions and development of key findings.
- **Digital ethnography:** a unique messenger chatbot deployed over eight days among eleven participants working across industries in workplaces in the midst of digital transformation. This allowed us to capture real time moments on their digital transformation journey.
- **Workshops:** After completing the digital ethnography, all participants took part in various activities to expand and understand their experiences. Qualitative factor analysis was used to identify the items associated with each dimension for input to the survey.
- **Survey:** Insights from the combination of methods and factor analysis were verified quantitatively through a questionnaire among 1,000 leaders (middle managers and above) from UK organisations. The survey was conducted by YouGov.

Figure 10.
Research methods



Chatbot study

For eight days in September 2017, we deployed a bespoke messenger chatbot among 11 participants working across industries in organisations currently undergoing digital transformation. The chatbot captured real time moments and feedback from participants regarding their individual digital transformation journey. After completing the chatbot study, participants also took part in a face-to-face workshop with researchers to expand on and understand their experiences.

Survey methodology

The survey was conducted by YouGov using an online interview administered by members of the YouGov PLC UK panel of 800,000+ individuals who have agreed to take part in surveys. An email was sent to panellists selected at random from the base sample according to the sample definition, inviting them to take part in the survey and providing a link to it. Total sample size was 1,003 adults. Fieldwork was undertaken between 22nd September and 3rd October 2017, and carried out online.

Figure 11.
Evidence-hypothesis mapping

Variable	Hypothesis	Lit.	Bot	Workshop	Subject experts	Survey
People	A culture of capability and positivity supports digital transformation	X	X	X	X	X
Leadership	The ability to manage effectively in a digitally transforming world will improve performance	X	X	X	X	X
Technology	Technology that democratises data helps workers manage risk and capitalise on opportunities	X	X	X	X	X
Tasks	Task mix needs to be optimised for exploiting digital transformation	X	X	X	X	X
Structure	Networks and nodes structures support digital transformation	X	X	X	X	X
Strategy	Different competitive strategies require different responses to digital transformation	X		X	X	X
Politics	Internal and external environmental constraints and opportunities affect digital transformation	X		X	X	X
Ethics	Digital transformation requires clear policies regarding appropriate data use	X		X	X	X

Subject matter experts

- Amy Freeman, Associate Director of IT, Mid Cheshire Hospitals NHS Foundation Trust
- Andrew Foster, Business Analyst for Corporate Services and Digital, Wiltshire Council
- Ben Hammersley, Futurist, Broadcaster, Writer
- Carol Dweck, Professor of Psychology, Stanford University
- Govinda Clayton, Executive Director, British Conflict Research Society
- Helen Walker, Chief Technology Officer, Operations Group, Department for Education
- Ian Tufry, CIO, British Medical Association
- Jenny Nelson, Digital Newcastle Programme Manager, Newcastle City Council
- Lt. Col. John Dagless, British Army
- Pete Trainor, Founder, US AI Ltd and Author of The Human Focused Digital Book



© 2019 Microsoft Corporation. All rights reserved. This document is provided "as-is." Information and views expressed in this document, including URL and other Internet Web site references, may change without notice. You bear the risk of using it.

This document does not provide you with any legal rights to any intellectual property in any Microsoft product. You may copy and use this document for your internal, reference purposes.



For more information, please visit:
aka.ms/digital-transformation-strategy

 @MSFTBusinessUK
#DigitalTransformation

