

Digital Transformation During a Lockdown

Abstract

These are indeed exceptional and historic times, a global pandemic and public health emergency sitting side by side with heightened public awareness of the injustices of decades of institutional racism. This article considers the current pandemic and lockdown period through a VUCA lens and offers reflection on how the pandemic revealed the fragility of digitally immature organisations. VUCA, a managerial catchall acronym for Volatility, Uncertainty, Complexity and Ambiguity is a litmus test for recognising unpredictable external environments. We offer business leaders a caveat, it is dangerous to ignore the impact of VUCA on the smooth functioning of an organisation. In terms of digital transformation during lockdown this article offers three key lessons that can so far be discerned from the pandemic period, firstly organisations must improve their digital maturity, secondly, less digitally mature organisations are more fragile and finally organisations with higher levels of digital maturity are generally more flexible.

Keywords; VUCA, Digital transformation, digital maturity, pandemic, business agility

Highlights:

- VUCA (Volatility, Uncertainty, Complexity and Ambiguous) as a lens for organisations to understand the impact of the lockdown
- Different stages of internal digital maturity has presented businesses with different challenges during lockdown
- Reflection on how the pandemic has revealed the fragility of digitally immature organisations
- The body of existing literature regarding crisis management in natural disasters can be built upon to underpin current and future pandemic research

Introduction

As the global pandemic and public health emergency lockdown has progressed the number of lessons for all organisations has expanded on a daily basis. The pandemic and the different approaches taken by national governments to enact a lockdown has accelerated the volatility, uncertainty, complexity and ambiguity (VUCA) across the social, economic, political and technological environment (Saleh and Watson 2019). Compassion must be had for business leaders, as no amount of forecasting or horizon scanning would have predicted such a catastrophic impact that has been witnessed in the past few months nor not what the future might unfold. However, many aspects of business decision-making have worryingly shifted (but these are exceptional times) during this period to becoming more short-term and purely operational (Cole 2020). Some organisations examined their previously carefully constructed business continuity plans and immediately recognised the paucity of their efforts in the face of a genuine and significant global crisis (Wallace 2020). In the wider sense, all of the specific challenges being faced have revealed a tension between traditional business processes and more digitally mature organisations. The following article will

This organisational tension is a product of the attributes and qualities that enables an organisation to be more digitally mature rather than being a specific inherent criterion for this form of maturity. Digitally mature organisations recognise that external change is an ever-present aspect of doing business and have made themselves sufficiently able to respond rapidly and strategically. The pandemic has highlighted the need for organisational flexibility, but it is worth recognising that the current situation, albeit a minor variation of it, is not unexpected - at least not in principle. Many businesses, in many countries have to consider and plan for a natural disaster happening, the 2011 Christchurch earthquake being one notable previous example. VUCA labels the combined effects of external forces that all modern businesses have had to contend with for at least two hundred years if not much longer (Mack et al 2016, v). Digitally mature businesses seek to craft

internal environments that endeavour to provide a panacea to the continuously VUCA world by providing stability, certainty, simplicity and precision for its employees, customers, clients and supply chain partners (Fenton et al 2020).

The acceleration of VUCA during the pandemic period strains the ability for traditional business - those with low levels of digital maturity - to maintain its current practices. This organisational strain has been starkly exposed with the fragility of supply chains and the inability of embedded business models and practices to rapidly pivot. Panic shopping at the beginning of the lockdown and the failure of a number of high street fashion brands both evidence the scale and impact of these strains. The lockdown has also defined new categories of workers and revealed the privilege of working from home. Safely secured in their own homes while remaining economically active has created a sharp divide from those who are (in the UK at least) furloughed or defined as key workers. The evolving definition and celebration of key working has served to hide the reality that remaining economical active for this newly defined category of worker equates with each individual accepting a tangible, heightened and daily level of risk to their own health. As the scale of the lockdown became increasingly apparent, the situation has also reinforced that digital transformation is a complex and strategic activity that encompasses the entire organisation. Digital transformation and the raising of an organisation's digital maturity is not completed rapidly. More importantly, successful transformation is not solely about introducing a series of brand new systems, such as video conferencing technology, into an organisation. For many organisations, there is evidence that introducing new technology as a short-term reaction during a pandemic lockdown is precisely the wrong time to be conducting this type of work (Brøgger 2020).

The period of lockdown in the UK is a relatively short timeframe in academic terms but there are already key lessons that can be identified in relation to organisational digital maturity and digital transformation. New learning is emerging continuously and the systematic, critical and academically informed examination of what happened to organisations and their management processes during the pandemic will be an important and ongoing programme of work. The aim of this future work will be two-fold. The research will necessarily be pro-active in supporting the economic recovery that will be required in the majority of countries. The work will also need to reflect on the ways that organisations respond to significant crisis in terms of their continuity planning, their shape and strength of their resilience and their capability to become more flexible. The learning that can be taken from the organisational responses during the pandemic will help to shape new approaches and new planning that will assist in defining better organisational responses for any future crisis.

In terms of digital transformation there are three key lessons that can so far be discerned from the pandemic period. There are many more lessons to be discerned in how data, information and technology was deployed in this period as well as many workforce behavior and well-being related lessons. The lessons we will focus on in this article are that, organisations must improve their digital maturity; less digitally mature organisations are more fragile; and organisations with higher levels of digital maturity are generally more flexible.

Organisations must improve their digital maturity.

Becoming a digitally mature organisation incorporates the entire organisation and touches people processes and communications as well as hardware and software choices. If becoming digitally mature is the goal of an organisation's strategic digital transformation process it is clearly not a short-term activity or solely represented by an out-of-the box vendor solution. As the reality of the lockdown literally came home, large and small organisations discovered they had no supported video conferencing solution, had systems that could only be accessed on-site (because of security concerns or because no one had ever modelled the need for remote access), has a static workforce and organisational structures, used processes that assumed constant physical workplace proximity or found that many colleagues lacked the combination of skills and mindset to work remotely over extended periods. Without these building blocks in place, or yet to be considered, no business can regard itself as being digitally mature. Digital transformation programmes often concentrate on enabling those systems that will bring efficiency or productivity.

These are clearly an aspect of the process of change, but digital maturity also incorporates the development of an organisational mindset and perspective that incorporates what might be described as a tendency towards 'softer' skills including greater sharing, openness and transparency (Deloitte 2016). Sometimes this is simply expressed as a willingness to use crowd wisdom for ideas and input through a social network. Sometimes this is a conscious engagement with people external to the business. During the lockdown period evidence of these behaviours being organisational beneficial have been documented through sites such as CovidInnovations(.com).

While easily described this lesson is a significant challenge for many organisations. Taking an organisation through digital transformation is a strategic project with a lifespan for delivering key deliverables measured in multiple months and years. No business will have commenced and completed a digital transformation programme during the lockdown period.

Less digitally mature organisations are more fragile.

The early lockdown shortage of toilet paper made major headlines around the world (McIndoe 2020) as tangible evidence for the impact of the pandemic on all suppliers and consumers. Behind the scenes the scarcity of toilet paper revealed how many businesses maintain a fragile form of resilience throughout their supply chains. The analogy with a hen's egg is useful. Hen's eggs are tough but only in certain ways. In the majority of cases an egg survives after being laid and allows a chick to hatch with only just enough resources from a hen to be efficient and allow the hen to quickly recover to produce another egg. If something traumatic happens that particular egg is lost but the hen is still able to produce another egg very rapidly. It has to be this way. There is a balancing of available resources against future requirements. Organisations are the same. In the case of large retail supermarkets their subsequent ability to bounce back has revealed a very conscious understanding of their particular balance of fragility and resilience. With supermarkets also introducing apps to book a slot to physically shop in store there is evidence that these are increasingly digitally mature businesses that can bend and move against the changeable VUCA world.

High street fashion retailing has proven to be more fragile than the large supermarkets. With chains falling into administration in the UK during this period the problems - and their general lack of digital maturity - shows that this has been an ongoing issue long before the lockdown was announced. The holistic need for organisational change means that high street fashion cannot become digitally mature simply by creating an e-commerce website. At the very least, the online offering needs to be embedded within a network of social media and provide a compelling consumer experience coupled with excellent supply and distribution infrastructure. These requirements go far beyond a website. Behind the scenes, digital transformation is an holistic process of continuous changes that replaces fragility with flexibility that is driven by the constant availability of data and the right skills being held by its people to respond to VUCA in creative and innovative ways.

Organisations with higher levels of digital maturity are generally more flexible.

Following on from the previous point, the obverse observation is also true. There is increasing evidence of how elastic and fluid business models are allowing businesses to continue, particularly smaller businesses. While larger organisations have longer supply chains developed for cost-reduction, smaller businesses can and do work at a more local level and are able to explore alternative options more rapidly. A lot of attention has been given to businesses that have changed their business model in light of the lockdown. There is a lot of this pivoting that can be identified across all sectors. A colleague related the example of a local pub that has now temporarily become a fruit and vegetable store. Upmarket restaurants now offer delivery services, both food and cocktails to go. Drive-in theatres, graduations, church services, art exhibitions and raves have emerged. On a larger scale, Time Out magazine has (finally) gone digital-only and Japan's Bullet Train is now carrying freight. And while Ikea initially limited its deliveries to lighter items, a team in Denmark was offering flat pack cardboard furniture for the unexpected home worker.

For some businesses the combined effects of failing to learn these three lessons are already starting to be seen. The early signs - including the administration announcement from Debenhams - suggest that the retailers of seasonal fashion are increasingly at risk. This sector has a heightened fragility during unusual times with long lead times on production, supply chains that stretch around the world and heavy reliance on spur of the moment consumer decisions. This has been consciously built to maximise profit and efficiency - in normal times. A general lack of digital maturity and the ongoing burden of fixed physical retail locations catering for multiple styles and sizes also stifles more creative thinking around the existing business models.

After the lockdown the most agile of businesses will have already learned and reflected from this period. These businesses will continue to change after the lockdown in new and innovative ways. Those organisations that do not change in light of the lockdown, or worse see no reason to change, will again stumble during the next period of risk. Irrespective of whether that is a period of poor weather, a change in consumer behaviour or the result of some 'surprising' actions from their competitors.

Implications for Research and Theory: look to the bodies of literature on crisis managements post natural disasters, and more recently real-time crisis mapping on social media, these can be drawn on to underpin some COVID-19 related research. We have a unique situation and there are obvious pandemic differences as much of the existing crisis research deals with a physical disaster, the re-build of cities, the emergency services response, and or environmental issues. The current pandemic is silent and is not visible with global imagery of stark cities, grounded planes, empty motorways and vacant cavernous retail parks equating to an economic collapse. There is a rush to publish, a rush to be first but recent public examples of high regarded publications such as the Lancet being discredited for not following a rigorous peer reviewed on critical scientific papers. The implications for research are to ensure strong empirical research is being conducted and underpinning theory are producing robust research. More specifically, there is a process of reflectivity needed and researchers from multiply disciplinary teams need to conduct a systematic, critical and academically informed review of how organisations and their management processes reacted during the pandemic. This should be ongoing programme of work not just for post-pandemic but there needs to be a resilience built into business models to prepare digitally for Industry 4.0.

Implications for Practice: every organisation's senior management team need to ask the following questions 'What just happened?' and gain a detailed understanding of what the response to the pandemic was and was that effective? The VUCA model is a useful framework to highlight what a volatile, uncertain, complex and ambiguous world it is the real challenges is to use that knowledge to re-imagine your business. Lessons to be learnt for practice are; there are always VUCA conditions, the pandemic just magnified them, be prepared, embed an agility into the organisation, become digitally enabled. The learning that can be taken from the organisational responses during the pandemic will help to shape new approaches and new planning that will assist in defining better organisational responses for any future crisis.

Final Thoughts

The global pandemic has no favorites and everybody and everything has been impacted in some way. The lockdown has had an equalizing effect on many business, big and small, and has been a death knell for those struggling prior to the pandemic. 'I'm on mute' has become a catch phrase, zooming has become a verb, masks and rubber groves have replaced empty takeaway cartons littering the streets. The VUCA landscape is still unpredictable and the global economic recession is looming. Are there any take-aways for businesses? One major observation is that COVID has made digital transformation obligatory for all businesses and for all sectors. Digital is no longer an option or an add-on it is a necessity in looking forward meeting a certain level of digital maturity will be on many agendas. For many, there will be a period of reflection on what happened, was the response enough, too late and looking forward, how to rebuild a post pandemic business, to maintain agile and to continuously learn lessons from the past.

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