The 10 most important characteristics of high-performing digital organisations
Introduction

At Direct Line Group, we’re in the middle of a seismic event; a company-wide transition to a digital way of thinking.

For a well-established FTSE 100 company traditionally driven by telephony, it’s not an entirely smooth process.

But we’ve come to learn that from the hottest young start-ups to the biggest and most unwieldy of legacy companies, nobody has got the digital world completely nailed down.

Some companies are obviously doing better than others, but the ground is always shifting and fortunes rise and fall with dramatic speed.

There are countless blogs and articles about what forward-thinking digital companies should be doing, but one person’s opinion invariably clashes with the next.

And so we decided to go deeper and ask the digital professionals on the front line, across different sectors, what they think.

We asked what the most important characteristics are for a company aiming to perform well in the digital space.

We collated the responses and created a top 10 list of the most important characteristics, with examples.

And so, the 10 most valuable qualities, according to the people out there doing it, are:
1. Fast-moving, agile and flexible
2. Customer-focused
3. Innovative and experimental
4. Data-driven
5. Unafraid
6. Collaborative
7. Empowered staff
8. Digital by default
9. Clear, evangelical leadership
10. Willing to invest
1. Fast-moving, agile and flexible

Is it surprising that speed, agility and flexibility are the most important traits to the majority of respondents?

Many older companies (and some younger companies with old mindsets) are set in their ways and are unwilling to take advantage of opportunities and adapt to changes in the landscape. In the rapidly-moving digital world, inertia is death. If you don’t move now, someone else will and they’ll eat your lunch.

Stuart Bailey, head of digital strategy at Direct Line Group, says: “The internet, improved software and mobile connectivity changes everything. Whole value chains and industries are at risk of disruption by fast-moving competitors. Speed to market is key.”

There needs to be an open-mindedness about which processes offer tangible benefits, and sometimes long-established procedures must be simplified in order to improve outcomes.

Who’s doing it in the real world?

- **Facebook** has a “done is better than perfect” mentality. Combined with a directive to “ship early and ship often” it means that the social giant releases regular updates to its services which then rely on iterative refinement.

- **Netflix** stole a march on an entire industry when it took advantage of improving technology and new streaming opportunities and helped seal the fate of traditional movie rental companies.

- **Amazon’s** famous ‘two pizza teams’ keep processes fast and loose. Amazon founder and CEO Jeff Bezos wanted a company where small groups could innovate

1 [http://www.sec.gov/Archives/edgar/data/1326801/000119312512034517/d287954ds1.htm#toc287954_10](http://www.sec.gov/Archives/edgar/data/1326801/000119312512034517/d287954ds1.htm#toc287954_10)
An obsession with the customer and their experience is vital to digital success.

Customers expect more from the companies they choose to do business with, and excellence in one channel is no longer sufficient; customers want a frictionless experience in stores, on the phone, on their laptops and on their smartphones.

Choice has empowered the customer to the point where 89% will go to a competitor following a poor experience.

On the other hand, 86% say they will pay more for a better customer experience.\(^2\)

Jean-François Gasc, EALA insurance management consulting lead at Accenture, says: “You cannot be digital if you don’t know your customer and provide meaningful and seamless customer experience across all channels.”

While Ian Morgan, director at Google UK, says: “The ubiquitous adoption of digital technology has accelerated consumer behaviour change and so the big challenge is how do companies develop the right culture, infrastructure and organisational design to move at the same pace as the environment around them. This challenge will only get larger as futurologists generally agree that the current pace of change is slower than it will be at any other point in the future.”

Who’s doing it in the real world?

- Despite being an enormous government department, the DVLA (Driver and Vehicle Licensing Agency) website is a masterclass in customer experience. Not only was an impressive amount of user testing undertaken, but gov.uk sites use information from other services (National Insurance and passport numbers) to streamline the journey and save the user time.

- Cashpoint experiences can be mind-numbingly slow, but Nationwide ATMs buck the trend by identifying a customer’s most frequent withdrawal amount and offering it as the default transaction. Luke Bozeat, joint managing director at MediaCom, says: “The best organisations, whether defined as digital or not, always think about whether what they do will benefit their customer... this is the digital equivalent of being asked if you want the usual.”

- Zappos puts more effort into making its customers happy than many of its rivals. Antonio Silano, consultant at Flock Associates, says: “The Ask Zappos app is a personal shopping assistant that takes requests via image and works to track down any item, even if Zappos does not carry it - this is taking their customer service and experience to a whole new level.”

3. Innovative and experimental

To be high-performing, digital companies must be innovative. They must embrace experimentation and always look for new opportunities, taking inspiration from unlikely places.

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Digital strategist Paul Boag, says: “This characteristic is more common among younger companies keen to capture market share. The more established the company the less likely they are to risk their current position by pushing into new areas.”

Without innovation, a company’s long-term survival will be in doubt.

Scott Fraser, head of digital IS at Whitbread: “Innovation is important because it’s vital to be continuously forward-thinking and always assessing how technology and related solutions can be leveraged; not just to resolve the current ‘ask’ but how and where in the business it can be used to drive the small steps towards a significant difference.”

Who’s doing it in the real world?

- We’ll admit it, insurance isn’t always the most exciting of industries, but Guevara is shaking things up. The startup provides peer-to-peer car insurance and recently won Wired Money’s startup pitch competition. Founder Kim Miller, says: ‘Guevara users club together, share the risk and cut out the middleman. The group insure themselves.’

- The Co-op used Snapchat to launch a voucher campaign, offering students £30 off laptops. Customers had to add the Co-op as a friend on the platform, and were sent codes which “self-destructed” seconds after the image was opened.

- This category wouldn’t be complete without Google. One of the biggest companies on the planet, Google turned 16 this year but still constantly pushes the envelope; from Google Fiber - giving gigabit internet services to cities across the US, to its driverless cars – threatening to change the way we all travel, forever. And then there’s the fabled 20% time, where employees are encouraged to spend a fifth of the working week experimenting with their own ideas.

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5 http://www.wired.co.uk/news/archive/2014-07/02/guevara-car-insurance
6 https://fiber.google.com/about
4. Data-driven

Using available data to drive business developments increases both the pace of innovation and the success rate of decisions.

Forward-looking companies are integrating data into their day-to-day operations and placing data at the heart of almost all their important decisions. Testing saves time and money.

Neil Roberts, head of digital at Eurostar, says: ‘Analytics provide the insight required to inform decisions. There are tens of thousands of opportunities, which one do you action first and why?’

“Becoming data-driven is very difficult for many executives,” says William Schmarzo, chief technology officer at information technology company EMC. “They are reluctant to turn over decision-making to people who make decisions on the basis of data rather than expertise.”

But they should get used to it. A recent survey of senior executives from around the world found that 51% of them believed that employees across their organisations can and should be using data and data analysis regularly in the course of their jobs.7

Who’s doing it in the real world?

- Gaming company Bigpoint, uses predictive analytics to monetise players and increase revenue. It has a predictive model that allows it to make real-time decisions about a player’s actions and offer them premium items in-game if the analysis of previous behaviour deems it appropriate.

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7 Fostering A Data-Driven Culture, Economist Intelligence Unit, 2013
Bravery is essential not only to be able to take chances, but also in being willing to accept hard truths.

Brad Doble, managing director – Munich at Lambie-Nairn, says: “There has to be an appetite to trial new ideas, but also to understand when something doesn’t work and be willing to accept failure. Innovation comes from being willing to try and it needs to be a cultural trait, demonstrated throughout the whole business with commitment from senior management.”

Meanwhile, Ben Hayward, director of business development at Magnetic, says: “Bold and daring decisions need to be made to make the most of rapidly advancing digital opportunities by challenging the status quo. This is not the ‘easy’ route in large corporations. For example, EE seems to be phasing out two well-known brands as it successfully reinvents itself as a digital lifestyle company.”

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9 http://www.mckinsey.com/insights/organization/the_seven_traits_of_effective_digital_enterprises
6. Collaborative

Digital success requires a certain fluidity, and so the rigid structures found in many organisations can hold back firms even with the very best of intentions.

However, the importance of occasionally letting go of the reins and taking chances is difficult for many to accept. Joe Parker, director of online at Three UK, says: “People in large corporations tend to get entrenched in the way they do things now and find themselves scared by change. The best people are those who embrace change and are unafraid, even when they don’t know where the journey is going to take them.”

**Who’s doing it in the real world?**

- **Valve’s** handbook is a risk-taker’s dream. It reads: “Nobody has ever been fired at Valve for making a mistake. It wouldn’t make sense for us to operate that way... Even expensive mistakes, or ones which result in a very public failure, are genuinely looked at as opportunities to learn.... Screwing up is a great way to find out that your assumptions were wrong or that your model of the world was a little bit off. As long as you update your model and move forward with a better picture, you’re doing it right.”

- Each time **Facebook** makes a change to its design, there is a global outcry. “Why have they done this? It’s terrible! I’m never going to use Facebook again.” Of course, they do, and Facebook knows that the changes it has made were for the benefit of everyone. Mark Zuckerberg’s company embraces the concept of short term pain for long term gain.

A company can talk a good game, but if it has a disparate collection of functions working in silos then collaboration and communication are going to be difficult. In these situations, actions tend to be taken without consideration of the wider business and little thought is given to how projects might be able to complement each other. Protectionism is rife and people in the same company are treated with suspicion.

Collaboration is as much about culture as it is about location.

A sense of openess is essential to performing well in the digital world. Teams and talents must come together, with negligible concern for traditional reporting lines or historical turf wars.

Paul Berney, managing partner EMEA, mCordis, says: “No single channel is king. The successful digital company will combine different channels, picking the right combination for selected customers and their needs.”

Bear in mind, collaboration doesn’t begin and end in the workplace. “Today we can make the customer part of the collaborative process not least through product personalisation,” says Simon Nowroz, co-founder of innovation studio The Amazing Mr Anderson. “Coca-Cola increased sales by 2% through the collaborative tool of allowing customers to buy (and even order) cans with their names on. Imagine how much the needle would move if customers were given the power to change colours and fonts too.”

Who’s doing it in the real world?

- US restaurant chain Red Robin encouraged collaboration between senior management and front line staff by creating a clear line of communication using the private social network Yammer. The experiment swiftly had a positive influence on the business. In one instance, despite little feedback from customers on Twitter and Facebook, restaurant servers and managers were able to immediately tell headquarters that a new menu item wasn’t hitting the spot based on what they heard

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directly from customers. The recipe was tweaked within four weeks, a huge improvement on what had previously been a 6-12 month process.

- At Direct Line Group, we created an in-house digital agency in order to bring all our digital functions together and replace the existing collection of agencies, individuals and teams scattered across the country.13

The customer is already benefiting from our new set-up. We can create prototypes within weeks instead of months, and were able to roll out a new platform in just nine months – a huge feat for a traditionally slow-moving company.

7. Empowered staff

Empowerment is not just about giving staff more control over their working lives. Training, hiring practices, salaries, benefits and culture are all included under the banner of ‘empowerment’.

Digital staff are often a different breed, and should be treated as such, with distinct working patterns and tools where necessary.

Like many of the entries on this list, ‘empowered staff’ is closely connected to another entry: speed, agility and flexibility.

Change happens more quickly in digitally-progressive companies with employees who are empowered to make decisions.

Malcolm Peters, partner at CHI & Partners, says: ‘Modern digital companies seem to be less hierarchical than ‘traditional’ companies and empower their staff to be innovative and make

decisions. It’s important if you want to be more imaginative than the competition and quicker to market.”

Who’s doing it in the real world?

- **O2** has a ‘test and learn’ budget that allows for mistakes to be made as long as lessons are learned and re-applied to future projects. It means staff are empowered to try new things, confident that their livelihoods are not at stake.

- There are a variety of ways in which **Google** ensures its staff are empowered. Laszlo Bock, senior vice president of Google’s People Operations, says: “We try to have as many channels for expression as we can, recognising that different people, and different ideas, will percolate up in different ways.”

This manifests itself as weekly all-hands meetings where employees ask questions directly to the company’s top leaders and other execs about any number of company issues and, of course, the aforementioned 20% time which lets employees know that their ideas and creativity are vital to the future of the business.

### 8. Digital by default

Where traditional businesses tend to view digital as an add-on, an irritating extra to be tacked on to the end of a project, digitally successful businesses always look to digital first for solutions.

Not everything can be delivered digitally, and even when it can, it might not be the right solution, but it’s always worth investing time in investigating whether services can be

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offered online in order to reduce costs, improve efficiency and delight customers. Digital should be baked in from the very beginning.

eConsultancy CEO Ashley Friedlein suggests that perhaps a company knows it is truly digital when nobody has a job with ‘digital’ or ‘online’ in the title.15

And it’s never too late for an organisation to become digital by default. If whole governments can do it, so can you.

Who’s doing it in the real world?

- **The UK government’s** services are going digital, with a manifesto that any business would do well to borrow from.16 Page one says: “[We aim] to make digital services so good that people prefer to carry out the transaction online rather than by phone, post or in person.”

  Moving 30% of services online will save the British taxpayers £1.3bn a year.

- **Burberry** plunged into the digital world long before most of its rivals and the fashion brand has continued to think digital ever since with its apps, microsites, social media profiles and innovative live streams.

  Burberry puts digital at the forefront of everything it does. Its Runway to Reality initiative allowed customers to order products directly from the catwalk during livestreams, and today its digital audacity is even influencing the outside world; the layout of its Regent Street store was dictated by its website’s sitemap.17
9. Clear, evangelical leadership

Think of your favourite digital company, and the chances are there will be a charismatic, evangelical leader steering the ship.

Ambitious companies need to take risks, and that can make both staff and shareholders nervous. So, if the most successful digital companies are ambitious companies, then it follows that they need strong, clear, passionate leaders who are able to captivate, motivate and soothe the people they pay, as well as the people who pay them.

Bob Barbour, head of online at Shelter, says: "Too often organisations understand that digital is important, but try to apply traditional business models to it and put leadership and decision-making in the hands of people who don’t fully understand it. They employ digital specialists to manage digital products but don’t give them the remit to make strategic decisions. A high-performing organisation has the right leaders at the right level in the organisation."

Meanwhile, Sarah Marshall, social media editor, EMEA, The Wall Street Journal says: "Inspirational leadership gives confidence to others within the organisation."

Who’s doing it in the real world?

- The go-to example is usually Steve Jobs, but that throws shade on Amazon’s Jeff Bezos. The founder of the retail behemoth took it from being just an online bookstore to a major player in every retail sector imaginable. His obsessive focus on the customer trickles down into the rest of the company and it’s said he periodically leaves one seat open at conference tables and informs all attendees that they should consider that seat occupied by the most important person in the room - a customer.
10. Willing to invest

While a tiny minority of digital organisations manage to perform well without expenditure, the remainder must be willing to invest, both in staff and in tech.

Oftentimes the skills required for digital excellence can’t be found entirely from within. Leaders need to be pragmatic about the abilities of their existing teams and either invest in training, invest in new staff, or invest in new technologies that will enhance capabilities.

The best people may not work in your industry. Hire them anyway. The right person can get up-to-speed in a new sector surprisingly quickly, but getting an industry expert with the wrong mindset to move in line with your vision is often an exercise in futility.

Teddie Cowell, SEO director UK and international at MediaCom, says: “Surround yourself with the best and smartest people you can, because many people don’t have vision or really understand what is possible. Also your team will operate at the speed of the slowest team member, so make sure all team members work and think fast.”

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Once the right digital staff are in place, invest in keeping their knowledge and skillsets up-to-date. It’s unsurprising that companies unwilling to devote time, money and energy to training fail to keep up with the competition.

Ensure digital teams also have the right tools and the right environments to do their jobs. Good equipment and nice surroundings lead to happier, more productive people.

Who’s doing it in the real world?

- Despite still being regarded by many as an untested advertising medium, food company Mondelēz International (previously Kraft Foods) has vowed to commit 10% of its ad budget to online video and recently signed its biggest ever digital media deal with Google. Most packaged goods brands still spend the vast majority of their budgets on TV advertising, but Mondelēz says it hopes the investment will pay off and “close the digital divide” by reaching the 58% of its consumers who use online channels. Mondelēz’s move has been echoed by FMCG giant Unilever which has pushed its digital marketing spend to 20% as it increases its attention on mobile users.

After a slow start, Walmart decided that ring fencing its digital talent was the only way to ensure the rapid development it needed. The company’s online business was behind its rivals and when it moved into the digital space, talent was spread across the company. In 2011 it created an “idea incubator” called @WalmartLabs. Based in Silicon Valley, far from the Arkansas HQ, the group helped the business increase online revenues by 30%, exceeding even Amazon’s rate of growth.

If you’ll allow us a little trumpet-blowing, we’re going to include ourselves in this list.

- Eager to exceed what competitors were offering in the digital space, Direct Line Group built an in-house digital agency from scratch. Based in a different location, the digital department hired people from diverse sectors with the right attitude and an appetite to learn. We invested in creating an environment conducive to creativity and made sure staff had the tech and training required to realise new products.

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20 http://www.adweek.com/news/advertising-branding/mondelez-strikes-online-video-deal-google-160507
22 http://www.cityam.com/blog/1400851199/seven-habits-most-effective-digital-enterprises
Conclusions

As mentioned at the top, this is not an exhaustive list of the characteristics required by high-performing digital organisations. It is, however, a list of the features digital professionals out there today see as the most important.

Perhaps the attribute you feel is most salient to your business is not on this list; that doesn’t mean it’s not still significant. Every business is different, and what leads to success for one organisation may send another down a precarious path.

Working in digital, we know that no team, no area of the business, can remain isolated. Long-term success depends on mixing talents, borrowing strategies, taking inspiration from unlikely sources, trying new things and being bold.

It comes as no surprise then that most, if not all, of the characteristics in this top 10 bleed into and crossover with others. The digital world is a constantly shifting, collaborative environment.

Nobody is ever going to have all the answers, but there is support and opportunity around every corner.

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