

Four Capabilities for Transforming Your Company

**Focus on Customers and Employees to Achieve
Organizational and Digital Transformation**



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Digital Transformation. How many times do you hear that phrase? Last year, digital transformation was a top-three strategic priority in 11 out of 15 industries. However, companies that “make tech-focused investments... find that those investments often impede their ability to connect with customers,” and decrease customer satisfaction. Spending for digital transformation will approach \$2 trillion in the next four years, but there’s much evidence for high-profile digital transformation efforts failing. Though it promises new ways to innovate and stay ahead of the competition, misplaced investments that lack a strong focus on people (customers and employees) often cause digital transformation to fizzle.

We believe investing in digital is futile if you aren’t capable of transformation. In more than three

decades of working closely with clients, we’ve learned transformation, digital or otherwise, requires adopting new ways of working and embracing new values. At EPAM Continuum, we call this a *second way of working* that’s parallel to your primary operational methods. We predict successful companies will focus on innovation capability (IC)—the ability to create, launch, and scale human-centered innovations and offerings in a repeatable way—and meld human-centricity and digital transformation.

We identified four key capabilities—two centered on process and two on employee experience—that are transformative to corporate culture and will help you embrace digital. This year, we challenge you and your organization to implement them.



CAPABILITY 1

Full-Spectrum Research

Getting to Know the People Behind the Data

Understanding how customers and users behave—and why—is essential in innovation. A holistic research strategy and process makes obtaining this information easier. We're seeing companies mix qualitative (human) data with quantitative data, turn them into insights, and share them in the organization to create better experiences.

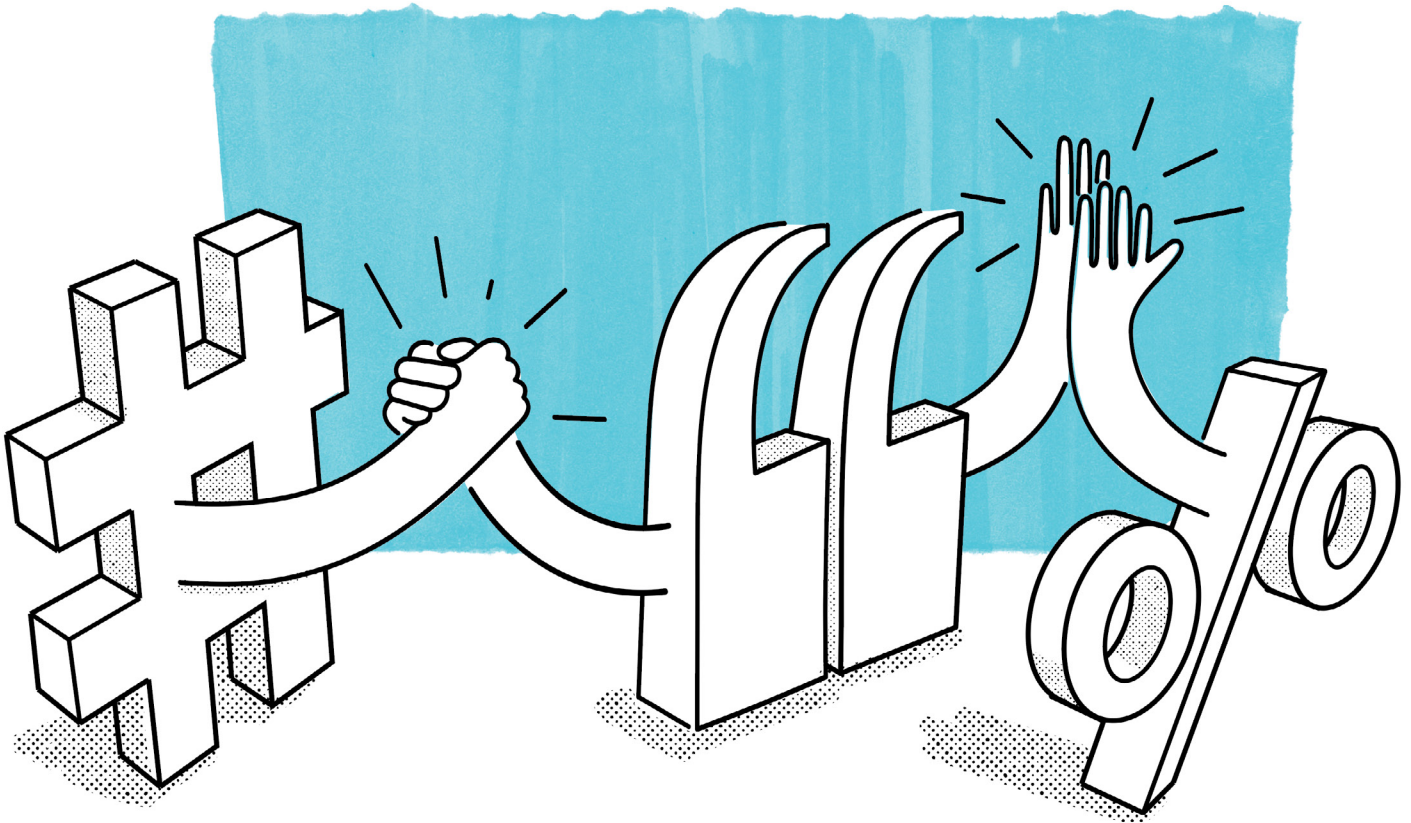
QUAL AND QUANT

Repeatable success requires knowing one's customers, and that is impossible with numbers alone. Combining solid qualitative research with quantitative data is key to creating spectacular experiences. Spotify is weaving qual and quant methods for deeper insights about their customers. They put User Researchers and Data Scientists together in one Product Insights discipline, avoiding a fight between qual and quant and instead letting them support each other. Netflix integrates "thick data" from qualitative research with big data to shape their product strategy. This mixed methodology helped them

discover that viewers were binge-watching, a transformative insight that's reshaped their core product experience and how they've invested in content.

"If you're looking to make a nonlinear leap, an alternative future, you need different kinds of evidence for where the world is going."

– Toby Bottorf, VP of Experience & Service Design at EPAM Continuum



CREATIVE WAYS TO DO IN-CONTEXT LEARNING

Some organizations are investing in numerous ways to conduct remote and in-person user research. Google has a [User Research Van](#) that travels the country “to learn from all kinds of people.” EBSCO, the academic company, [mailed students video cameras to get them talking](#). At EPAM Continuum, we once put a camera at the bottom of a bottle to understand how people drink. All three companies are getting qualitative data from people’s actual environments.

RESEARCH AGGREGATION TOOLS

Companies are enabling various departments in creating human-centric experiences continuously. Some have even forged their own tools for capturing, organizing, and disseminating insights internally. While off-the-shelf solutions are available, WeWork created [Polaris](#), and Nasdaq built [Mosaic](#)—platforms that make customer research accessible and transparent.

THE GIST

Toby Bottorf, VP of Experience & Service Design at EPAM Continuum, recently said on The Intelligent Business Show Podcast: “If you’re looking to make a nonlinear leap, an alternative future, you need different kinds of evidence for where the world is going.” Companies using a comprehensive strategy for understanding customers and disseminating learnings are uncovering rich insights that have a powerful effect on everything from product and service strategy to UX implementation.

ASK YOURSELF

- How comprehensive is our strategy for understanding customers and evaluating ideas with them?
- How well does our organizational structure enable cross-silo collaboration for gathering human insights?
- Can we share our insights easily across groups so they’re accessible, usable, and scalable?

CAPABILITY 2



Ops

Executing on Insights Requires Teamwork.

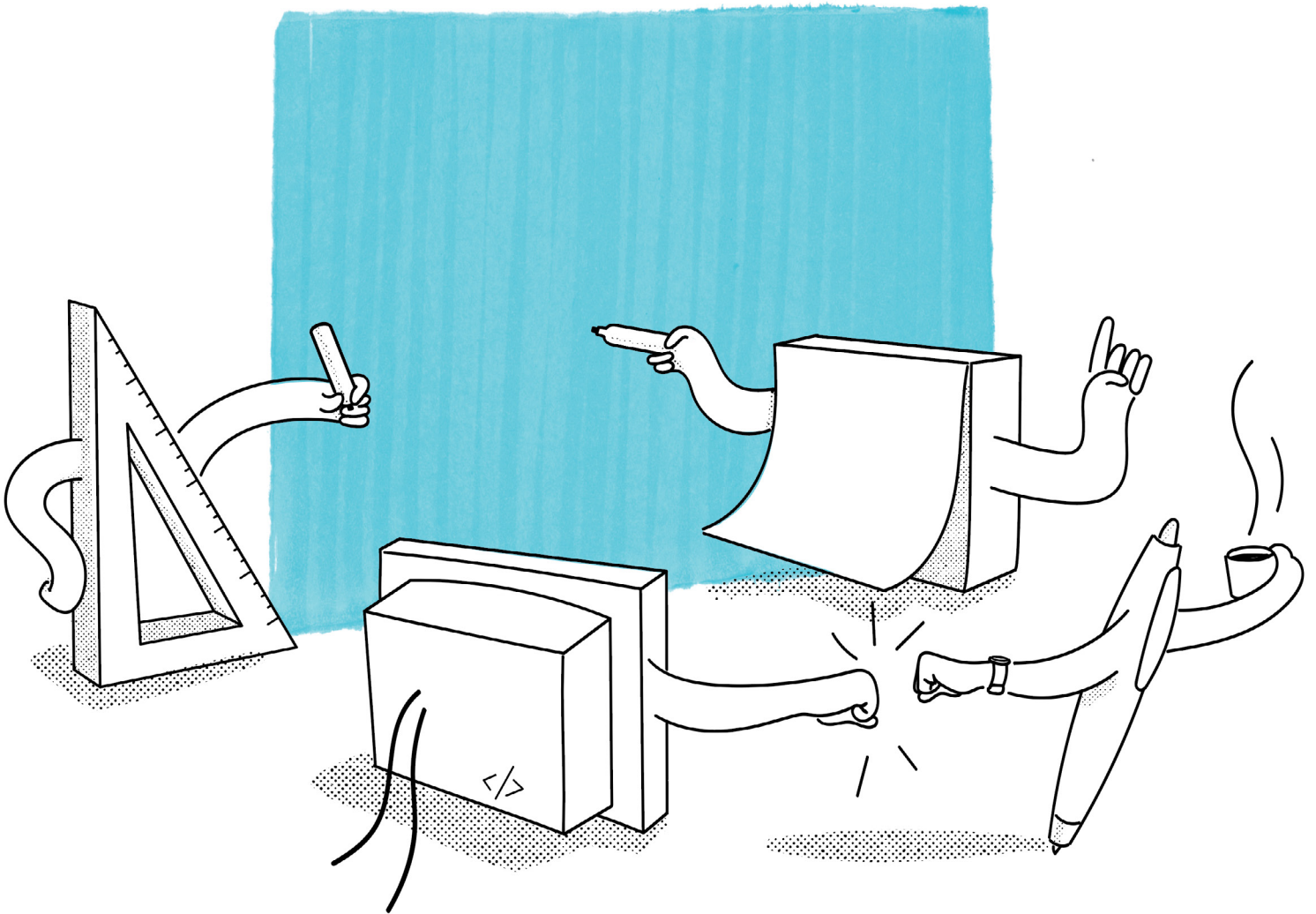
Innovation is thriving in Development and Operations for more companies. These departments use DevOps to streamline building and shipping the right offerings. Jeff Wilcox, VP of Digital Transformation at Lockheed Martin, believes that “DevOps methods essentially operationalize Systems Thinking and focus first on synthesizing customer value. They stand in contrast with Mechanistic Thinking, which can cause groups to improve components at the expense of the whole and the customer.” Inspired by DevOps, various companies have adopted _____Ops to remove barriers, operationalize their teams, and support projects end-to-end.

ON THE SAME TEAM

Software development has moved beyond DevOps to become more robust. The State of Connecticut is embracing DataOps, which embeds data engineers and scientists on DevOps teams to support the organization's data analytics needs, such as machine learning. Intuit formed DevOpsSec teams, which involves developers, IT, and security professionals to ensure they create secure software.

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– Jeff Wilcox, VP of Digital Transformation at Lockheed Martin



OPERATIONALIZING AND SCALING DESIGN

Enterprises are making strides in maintaining high-quality design at scale with DesignOps. The practice let's “design, product, and engineering to continuously iterate,” which promises to increase employee work satisfaction by decreasing friction in their day-to-day jobs. Industry leaders Airbnb and Redhat use DesignOps to practice design across their suite of offerings.

IMPLEMENTATION POD

A team that can create and operationalize new products quickly is crucial when creating something new-to-the-world. At EPAM Continuum, our approach to innovation capability pivots around what we call implementation pods. Each pod features a multidisciplinary team, sponsored by an executive, that is fully empowered to adapt to an ever-changing reality as they get a new offering to market.

THE GIST

“Established companies underestimate their ability to create new ideas and overestimate their ability to implement new ideas,” says Jon Campbell, Head of Experience and Service Design at EPAM Continuum. As such, from DataOps to DesignOps, many leading organizations are reducing friction between disciplines to create, launch, and scale products and services. Organizations that shift to this new mindset are seeing the dual benefit of increased customer satisfaction and internal teamwork.

ASK YOURSELF

- Can we have more multidisciplinary teams to decrease friction between groups, creating better employee and user experiences?
- Do we have teams that create and launch new offerings (the second way of working) and ones that sustain offerings (the first way of working)?
- How well can our Design functions maintain a high-quality user experience in an operational way?

CAPABILITY 3

Coming Into Focus

How many times have you been interrupted while reading this? Bet it's not zero.

In an age when incessant collaboration is expected, some companies are helping employees learn the art of focus. It can take someone about half an hour to regain focus after context switching—a huge hit to productivity and wellbeing. Companies are designing ways to let employees focus deeply on a couple projects and collaborate effectively as a group.

THE CONTEMPORARY CUBE

Wise companies are using research to create spaces and tech that allow both introverts and extroverts to think deeply and collaborate effectively. To cope with horribly designed open offices that decrease employee satisfaction, Knoll created the Filzfelt Just Fold It, a portable cubicle to put around any desk. This device isolates people from visual distractions at work to allow for deep, focused tasks.

Collaboration involves both solitude and socialization. The truth is, most people move between a range of modes on the introversion-extroversion spectrum every day. EPAM Continuum's Boston studio accommodates all those modes with open work spaces, a

collaborative fabrication lab, and intimate project and huddle rooms for strategic collaboration. Lee Moreau, VP of Design at EPAM Continuum, loves that “the flexibility allows practitioners and clients to do their best work and solve the toughest problems.”

“Driving innovation takes a deeper level of focus than most are willing to admit. Slowing down and completing one thing at a time is true productivity.”

– Dave Marlow, *Director of Transformation & Innovation at Northwestern Mutual*



SINGULAR PROJECT FOCUS

Because burnout is such a danger, companies are limiting the number of initiatives employees work on at any given time. This way, employees aren't overloaded, improving employee experience and morale. Creating strict focus and stopping initiative overload is critical. For example, CBIZ, a business-services company, is taking a closer look at which projects and initiatives the firm wants to move forward with by evaluating the impact on its culture and bottom line.

Pivotal Labs, a California-based software firm, weaves culture and structure to help their teams focus. Aloka Penmetcha, Director of Product

Management, sees that “successful product teams balance two types of tasks: working on the ‘known-knowns,’ a defined and validated set of things to do, and researching the ‘known-unknowns,’ more ambiguous problems.” What’s atypical here is that Product Managers apply Kanban prioritization principles to both work tracks, and engineers and designers focus on the top item on the backlog. Aloka believes, “It’s easy to get into a failure mode with multiple priorities—it’s hard to make real progress on any single thing.”

THE GIST

“Driving innovation takes a deeper level of focus than most are willing to admit. Slowing down and completing one thing at a time is true productivity,” says Dave Marlow, Director of Transformation & Innovation at Northwestern Mutual. From using the physical space and tools to work-in-progress limits, companies are designing focus into employees’ days to minimize burnout and achieve sustainable productivity.

ASK YOURSELF

- Do we acknowledge that we have finite focusing capabilities and need structure so that each employee can concentrate on a limited number of projects?
- How well do we understand how teamwork and individual thinking really happen in our organization?
- Do we have ways for employees to think and thrive as they move across the introvert-extrovert spectrum every day?

CAPABILITY 4

Power to the People

How Valued People Feel

The most self-aware companies give their employees freedom and flexibility. These organizations cultivate employee empowerment and give workers ample opportunities to offer feedback, and it pays dividends in retention. In fact, Alex Edmans, of the London Business School, discovered that “firms with high employee satisfaction outperform their peers by 2.3% to 3.8% per year in long-run stock returns.” Engaged, happy employees are also empathetic to users and customers, as with Southwest Airlines.

EMPOWERMENT

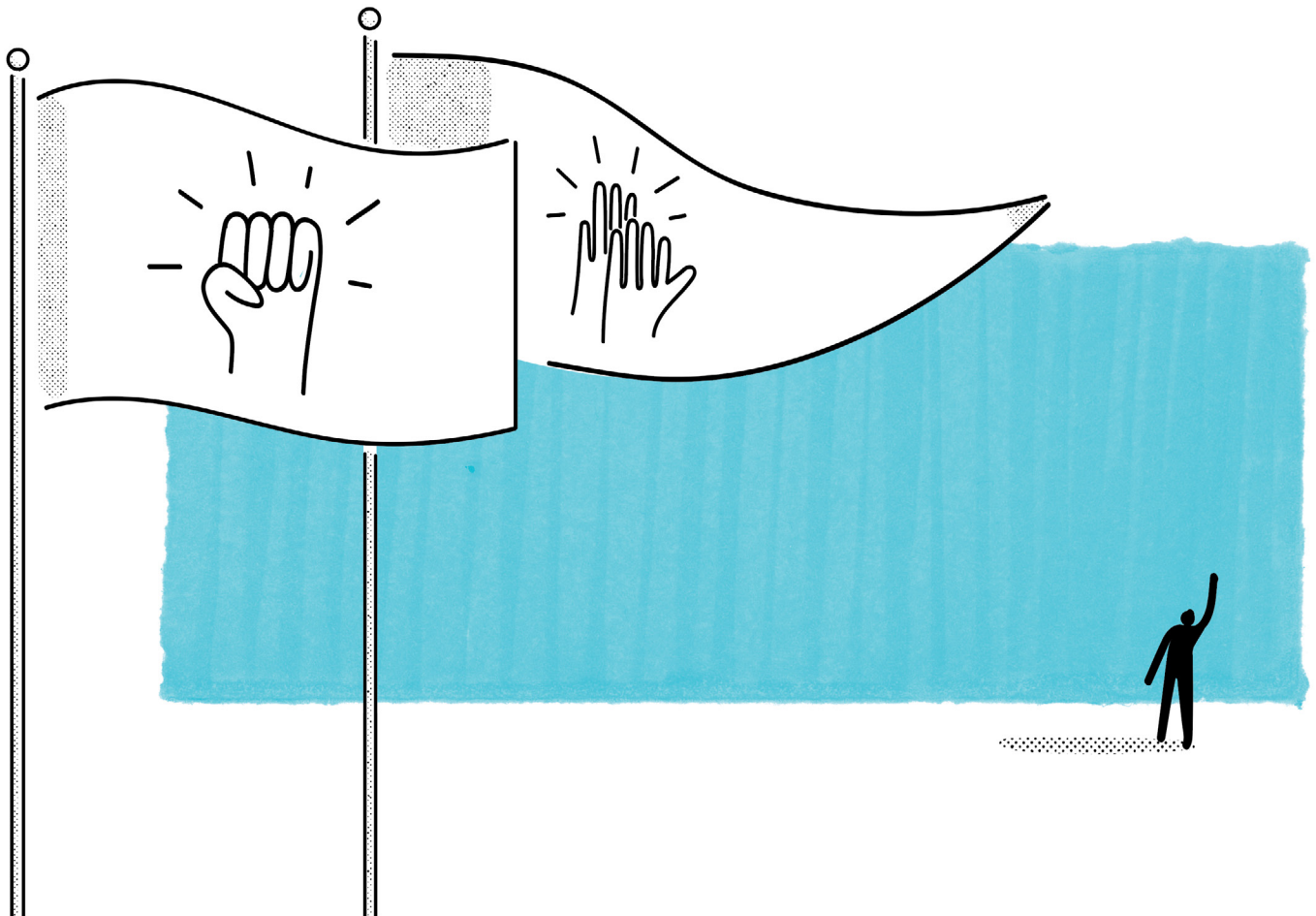
Trader Joe's, the cultish grocery chain, empathizes with both employee and customer experience. It ranks quite high in employee satisfaction. TJ's allows workers autonomy in how they interact with customers. "No matter how crazy the store was, no matter how much pressure there was to do something else, if you were doing something for a customer, that trumped everything," a Trader Joe's super-fan who worked there, told *Freakonomics*. Partnering with customers to solve the problem, even if it took 15 minutes away from restocking shelves, is a testament to how much Trader Joe's values both employees and customers.

FEEDBACK

Great companies have feedback mechanisms to improve culture by continuously gauging employee satisfaction. Some are finding newer, permissible channels to gather feedback and proving they can act on it swiftly. Lucia Guillory, Head of PeopleOps at Patreon, uses numerous feedback tools, including a weekly check-in via

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– Alex Edmans, *Professor of Finance at London Business School*



Slack. She implemented Leo Bot, a Slack bot that automates feedback collection and reporting, to facilitate open-ended, anonymous conversations between employees and PeopleOps. This is unlike a typical engagement survey; it's organically integrated into Slack, an environment where employees already feel comfortable sharing with each other. Patreon implements changes quickly, too. One time, the Leo Bot surveys trended downwards on wellness. So she and her team reviewed all the comments, brainstormed ideas, and implemented two to test (one of which was giving people a gym membership). Actions like these help people trust the company and provide more feedback.

THE GIST

Employee engagement and companies' bottom lines are rising simultaneously because organizations are applying these approaches together to increase employee trust. When employees feel cared about, their happiness increases, as does the likelihood that they'll stay, grow, and contribute meaningfully.

ASK YOURSELF

- How much empowerment, freedom, and flexibility do we give our employees to make decisions and focus on the customer?
- Do we continuously receive feedback on culture and leadership, which in turn help employees feel valued?
- How quickly can we roll out new policies and programs to make significant changes to our culture?

Transformation. Made Real.

Truly forward-thinking companies understand the close relationship between good employee experience and good customer experience. Committing to both, at the same time, is essential for those businesses interested in transformation, and ultimately, market success. The four

capabilities in this report help drive customer-centricity and innovation. Companies that can orchestrate all four capabilities at once will accelerate their digital transformation efforts. *Will yours be one of them?*

You and Your Fellow Leaders Should:

- 1** Determine if your organization regularly collects a good balance of qualitative and quantitative data to provide the right insights.

Establish ways to reach and learn from customers in context.

Share research insights across the organization to build customer understanding.
- 2** Cut across silos by forming cross-functional, ops-oriented teams that can create, launch, scale, and sustain products and services.

Protect teams that create and launch new offerings to try new things.

Empower teams to include user research and design disciplines to ensure customer experience is at the core.
- 3** Take stock of your current workplace and what leads to focus/doesn't lead to focus.

Empathize with employees on what creates focus for them.

Design and implement flexible, comfortable, and inclusive solutions.
- 4** Review the company culture and values for employee empowerment.

Understand, by doing user research, how employees want to be treated.

Create ways to make swift changes to company culture to increase employee engagement and retention.

EPAM Continuum Is a Global Innovation Firm.

The Future. Made Real.™

Thank you to the numerous folks at EPAM Continuum and our industry friends who contributed to this report.

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