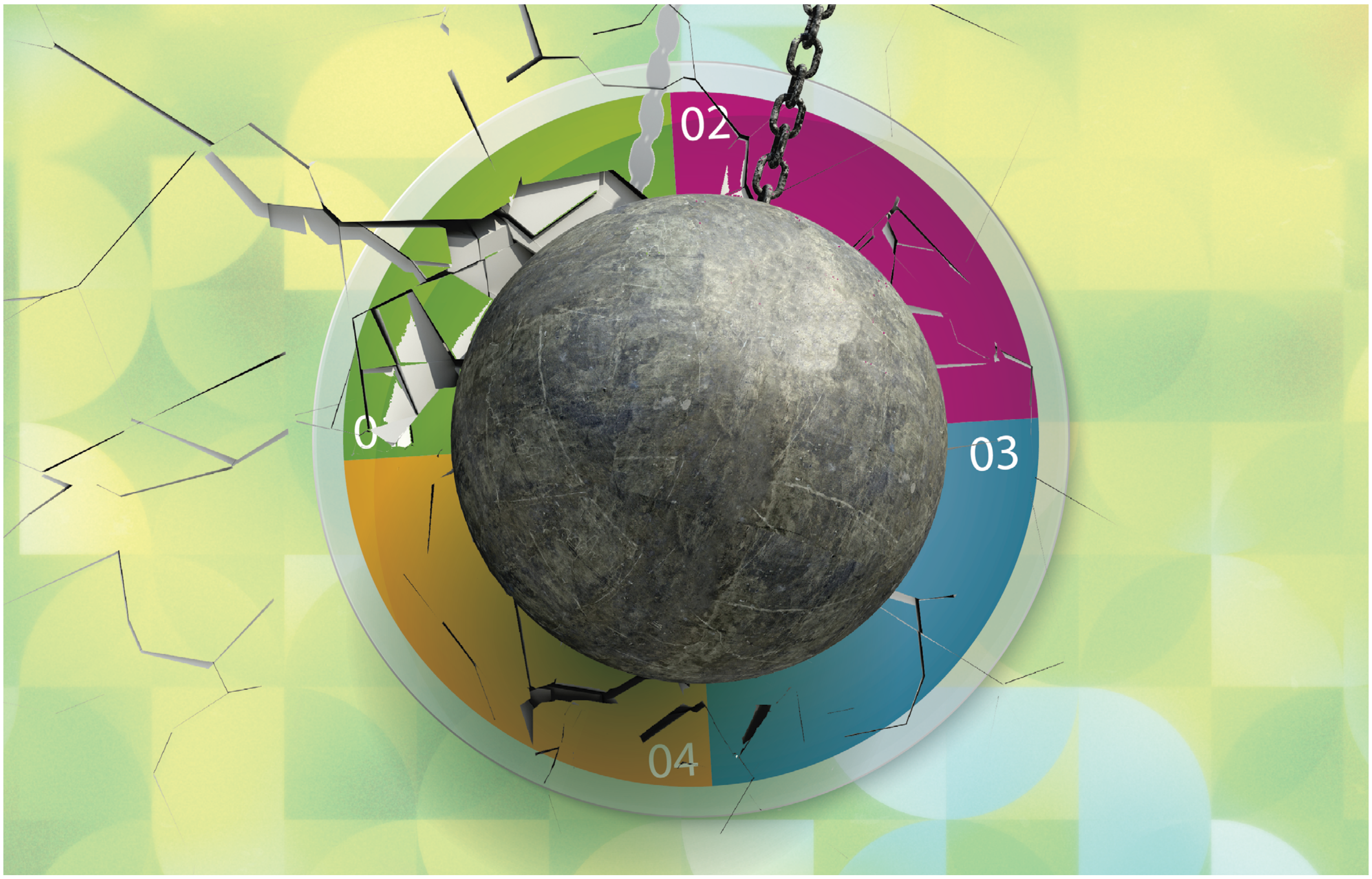


FEATURE

Four traditional business orthodoxies to challenge in 2021

Why now is the time to question long-standing practices

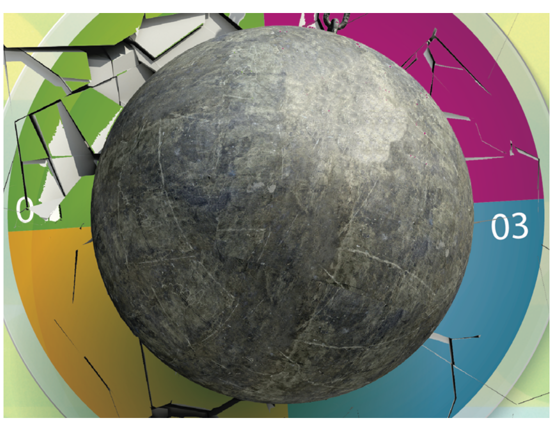
Dan Helfrich

PART OF A DELOITTE SERIES ON LEADERSHIP

What long-held beliefs has COVID-19 challenged? Deloitte Consulting CEO Dan Helfrich highlights four orthodoxies that should have been upended long ago.

IN 2020, OUR organizations quickly changed a lot about how they operate, both to respond to and recover from the pandemic. What I experienced—both with our clients and internally at Deloitte Consulting—was that many traditional business orthodoxies no longer applied. While many of those long-standing beliefs and practices were upended as a direct result of the pandemic, I'd argue that most should have been eradicated a long time ago.

It's my belief that the organizations that continue to detonate these business orthodoxies will be more successful both in their recovery from the pandemic and in the long run. In the past several months, I've spent a lot of time with executives from leading brands and organizations as they've made major changes to how they operate. Based on what I learned in those conversations, here's my take on four traditional orthodoxies that leaders can challenge and find better, more market-leading approaches to improve their organizations in this next year.



Orthodoxy No. 1: My organization's digital transformation should be based on previous successful IT implementations.

One of the more prevalent, yet limiting, ways organizations are approaching digital transformation is by using the successful implementation of a prior IT system as the road map for the next one. The mindset of "this is how we succeeded before" can hamper an organization's digital transformation before it even begins.

For example, digitally mature organizations view investments in their digital transformation—whether a new system or application—as a way to implement a new business model. Meanwhile, as my colleagues stated in their article *The kinetic leader: Boldly reinventing the enterprise*, less mature organizations are more likely to focus on revamping existing operating models.[1] One group is focused on growth and innovation, while the other is focused on replicating existing processes. I'd bet that if an organization is focused on replicating an existing process, then it isn't innovating, but instead is following the same process for each initiative.

Ideally, however, each implementation has its own specific goals. Ask yourself: Is the goal to improve customer or employee experience? Is it to be more nimble and agile to respond faster to new market demands or opportunities?

Additionally, in order to be more agile, organizations must also embrace the idea that a tech implementation is only the start of the journey, not the end. If you implement with agility in mind, you can respond more quickly to change. This ability to be nimbler has demonstrated its value time and again throughout this pandemic as organizations have had to change the strategy, funding, and prioritization of major initiatives at a moment's notice.

More digitally mature organizations that had invested in the ability to quickly adopt new processes and technologies have more adeptly adapted to the new normal while continuing to meet customer expectations. For example, in the past few years, Chipotle has been investing in its digital customer experience and tweaking it over time as new trends, such as food delivery apps, have emerged. This investment in digital has allowed it to more quickly respond to the rapid increase in online and mobile orders throughout the pandemic—and build relationships with customers that are responsive to their needs.[2]

Being tech-fluent is no longer a differentiator but a core competency for an organization's leadership.

Being tech-fluent is no longer a differentiator but a core competency for an organization's leadership. To win digitally, organizations need to involve not just the chief information or technology officer but also other C-suite executives in making tech investment decisions. Whether it is the chief marketing officer identifying a customer pain point, or a chief talent officer discovering a new tool to improve employees' ongoing virtual work environment, leaders who are fluent in applying tech-based solutions to business outcomes are achieving the biggest gains.

Orthodoxy No. 2: It's easier to fundamentally disrupt a market as a new entrant than as an established enterprise.

By definition, disruptors enter markets to upend established enterprises. However, some incumbents have responded to the pandemic by putting new technology to work, proving that disruptors don't necessarily have a competitive advantage. Why is this trend occurring? Incumbents can and are using their relatively deeper resources to make and execute decisions more rapidly—and regain a foothold while also exploring new business models.

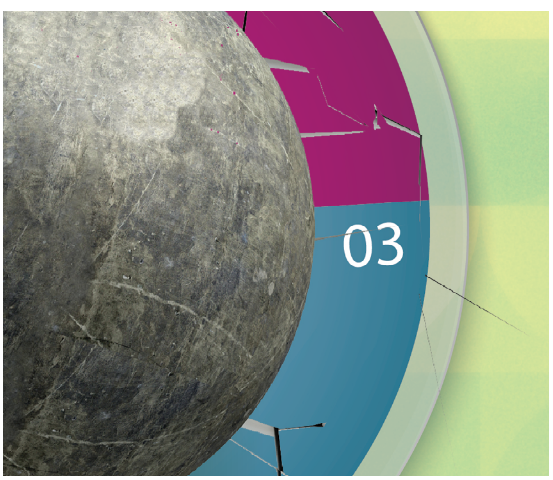
Organizations that have held significant market share over time have a greater ability to scale and often a better chance to survive and grow in times of significant upheaval. One example is the way large incumbent retailers are using their retail stores, sales associates, and extensive supply chains in combination with online capabilities to provide more convenient and cost-effective ordering, pickups, and returns. These traditional retailers are putting their brick-and-mortar advantages to work—something more disruptive, solely online retailers can't do.

Another example is a team at a nearly 100-year-old global industrial equipment manufacturer that proactively created a connected sharing economy for its heavy equipment. The team observed that these multimillion-dollar machines were sometimes sitting idle, costing their customers, the machine owners, money in upkeep without generating revenue. Using sensor and Internet of

Things data collected via the cloud and sophisticated analytics, the team developed a subscription model for the machine owners. With this approach, the incumbent acted as its own disruptor, creating a new market for itself and new value for its customers.

So how can incumbents disrupt themselves more often? One way is by asking yourself and your teams: Is this simply more of the same process with the same people, or can we challenge ourselves to think and act differently? Who should be at the table, and who isn't? What other organizations should we be learning from, even if they are in completely different industries? Beyond that, what resources do we need to maintain or grow our position? Who can help us disrupt ourselves?

Put the strength of your ecosystems to work by purposefully seeking out and convening other organizations that can accelerate innovation—whether startups and incubators, academia, nonprofits, organizations from another industry, or even competitors.



Orthodoxy No. 3: Diversity, equity, and inclusion are only about human resources and leaders increasing representation.

A collective, genuine focus on diversity, equity, and inclusion (DEI) can become one of 2020's (few) positive legacies, but only if the emphasis scales beyond representation. Is improving representation an imperative? Absolutely and rightly so. Deloitte and a number of other research organizations have long studied the importance of DEI for organizations, discovering that inclusive organizations are twice as likely to meet or exceed financial targets as those that are not inclusive and eight times more likely to achieve better business outcomes.[3] Progress has been made, and more needs to be done to increase representation, but for too many organizations, increasing representation is where the focus of DEI ends.

Right now, we need to create new muscle memory. We need to make DEI something instinctive inside our organizations. Goals and other accountability measures can sometimes get a lot of internal pushback as people sometimes interpret those measures as punitive. But those measures are a means to an end—a much better end. That pushback is missing the bigger goal: a culture where DEI is so embedded into how your organization operates that it doesn't need goals.

It's my hope, my goal, that we all attain that level of DEI and purposefully build a culture in which there is always room for new people, and people are empowered to bring their authentic selves to work and voice their diverse perspectives.

To build a more inclusive culture, I challenge you to look around your own organization and see how many teams function more like circles than horseshoes, resembling closed cliques rather than a team intentionally making room for and seeking out new members and ideas. By asking yourself and your teams every day about how you can be more inclusive, you are building a culture that is more purposeful about improving DEI.

At the operational level, here are three areas in which to challenge your approach to DEI:

- **Robust mentorships and sponsorships:** The importance of how your people are supported, mentored, and advocated for cannot be understated and is critical to advancing DEI. Each type of relationship plays a role in advancing a person's career.

  Creating meaningful and impactful relationships isn't just about matching names on a spreadsheet. It's about ensuring that your people, including your teammates from underrepresented communities, get support daily in an effective way.

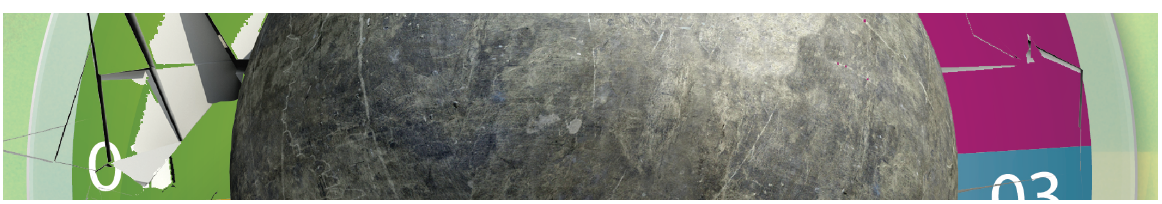
- **Technology:** We're seeing a growing number of organizations develop systemwide initiatives that encompass policies, processes, and culture to identify and address individual and organizational biases and inequity. In the upcoming *Deloitte Tech Trends 2021*, we are going to take a closer look at the intersection between DEI and technology as more organizations are wrestling with how technology impacts DEI within their teams, stakeholders, and customers, and how it can be employed to advance DEI.

  Another aspect to DEI and tech pertains to your technology teams. Technology-focused roles have traditionally been light on women and people from underrepresented communities. How is your organization understanding and addressing that talent gap? And how is your organization supporting, training, and developing technologists with a DEI mindset?

- **Societal impact:** The killings of George Floyd, Breonna Taylor, and Ahmaud Arbery, along with protests calling for social justice, have energized many organizations to donate to DEI-focused organizations. This response has been inspiring, but what follows that donation? Engage your team to rethink your organization's broader societal impact strategy and how your organization can make a longer-term commitment to eradicating racism and social injustice.

  Consider creating more formal volunteering opportunities for your people with nonprofit organizations focused on DEI. It's a way to foster more DEI-focused leaders within your organization and contribute to society.

As we work together to strengthen our DEI muscles, it's on all of us to practice and demonstrate it every day—to be inclusive, speak out, support, and listen.



Orthodoxy No. 4: The more complex and nuanced the information, the fewer people in your organization should have access to it.

In almost every organization, some have access to information, and some don't. We often accept it as just the way things are. And going one layer deeper, if the information seems too complex, leaders often have little appetite to share it and view dissemination as a risk—further restricting information flow.

One consequence of this orthodoxy is *information privilege*, where some people hoard data to advance their own agendas, careers, or teams, creating hierarchies of information. This not only goes against the values of an equitable, inclusive, and transparent organization, it also impacts performance. Sharing information—even if it seems like too complicated a story to tell—can benefit your organization.

For example, sharing data can lead to stronger growth. Diversity of perspectives breeds innovation. Equitable access to data can foster the ability to test ideas and develop new products, services, and solutions. Further, transparency breeds trust, which increases productivity. Deloitte's research has shown that 79% of employees who trust their employers are motivated to work, compared with 29% of those who do not.[4]

The case for information-sharing is clear, but what can you do to make your organization share more and hoard less? In my role as CEO, I'm always asking myself questions about how to increase trust through information-sharing, such as:

- What misinformation am I frequently hearing that needs to be addressed?
- What relevant information is missing from team conversations?
- What information am I hearing that needs to be shared more broadly?
- How can this complex information be shared in a more digestible way that leads to audience comprehension, not confusion?

The goal of this approach is two-fold: First, I want to be an information sharer to help my team. Second, I want to lead by example to demonstrate that transparency creates trust.

For example, throughout many organizations' response and recovery to the pandemic, employees likely felt anxious about their organization's health. A good way to share information about your performance and get everyone on the same page is by communicating regular updates via familiar analogies, such as "weather reports," or other types of regular and tangible updates. When communicating about an organization's economic health, you can break it down into the good news/sunny weather and then what's cloudy and could cause some storms. Distilling complicated and nuanced data in a digestible way can help lower anxiety and boost confidence.

In this new year, challenge yourself and your team to look at how information is shared. Is it distributed freely or used as a commodity? How are you as a leader getting and sharing information to drive decisions that impact your people? Does complicated information continue to be shared only within a limited circle of leaders?

Preparing for the year(s) ahead

Throughout this year—and probably into the next—pandemic-related challenges and uncertainty will likely continue. But this uncertainty doesn't mean that we can't also be proactive and root out traditional orthodoxies that are getting in the way of our organizations' ability to recover and thrive. Whether it is one of the four orthodoxies described above or another issue, challenge yourself and your team to include new people in the discussion, and then figure out a better way.

Endnotes

1. Khalid Kark et al., *The kinetic leader: Boldly reinventing the enterprise*, Deloitte Insights, May 18, 2020.
2. Based on Deloitte client work.
3. Juliet Bourke and Bernadette Dillon, "The diversity and inclusion revolution: Eight powerful truths," *Deloitte Review* 22, January 2018.
4. Deloitte Digital, *A new measure of trust for consumer industries*, 2020.

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Dan Helfrich is chairman and chief executive officer of Deloitte Consulting LLP. As its CEO, he leads a team of more than 50,000 professionals who help clients solve their most complex problems. Whether it is identifying new market opportunities or talent models, implementing a new cloud-based application or maximizing an existing one, Helfrich is focused on helping the team deliver measurable and lasting results for clients. He is also a member of the US Executive Committee and the US Management Committee of Deloitte. In his more than 20 years with Deloitte, he has led large customer-centric transformations for both public and private sector clients. Previously, he led the Government & Public Services practice. He also served as Deloitte Consulting's strategy & transformation leader and led the Civilian Government sector. On podcasts and through other media, he regularly shares his perspectives on leadership and building a purpose-driven and inclusive culture and challenging traditional business orthodoxies. Helfrich holds a Bachelor of Science and a Master of Business Administration from Georgetown University.

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