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A guide for the Southern African SMB CEO

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Foreword

Small and medium businesses (SMBs) are hurtling toward an undefined future, where current roadmaps to success are quickly becoming outdated and irrelevant.

Browse any business or technology publication today, and you'll encounter swarms of industry buzzwords, such as the metaverse, edge computing, blockchain, non-fungible tokens, digital twins, extended reality and many more. For Southern African SMBs trying to keep their heads above water during these difficult times, the technobabble can really be overwhelming.

Yet the risk and opportunity that digital transformation creates for SMBs cannot be ignored. The reality we are facing is that technology is advancing at such a speed that it's hard for humans and organisations to keep up. This blistering pace has only been accelerated by the onslaught of the pandemic, which relentlessly forced even those companies and industries previously reticent to embrace digital technologies, to adapt to a hyperconnected and hypercompetitive world.

This adaptation is all about remaining relevant in a volatile and complex environment. When faced with such decisions, our advice is to seek integration, consulting and implementation partners with a track record in serving as strategic counsel to their clients.

From our perspective, we understand many of the current challenges and would like to help you get ahead of the curve, optimise your business and accelerate growth over the coming years. Our aim with this ebook is to be real and transparent, to cut through some of the hype and explore which digital opportunities really matter today. Based on our own experiences through transforming our legacy business into a new-generation distribution company, we use these pages to share some of the steps your business can take today to sharpen its competitive edge. We care about empowering Southern African industries and future-proofing SMBs. Our focus isn't on technologies that may take a decade to come to fruition, but rather on how you can leverage today's affordable technologies to address issues that are keeping you awake at night.

These are the conversations we have with our friends, colleagues, and family about the same challenges you are undoubtably facing. It is our privilege to share our knowledge and experience and hopefully, offer some practical solutions you can implement utilising digital technologies to achieve business outcomes such as cost reduction, enhanced employee and customer experience, and increased agility and revenue.

At the same time, we're keenly aware that the digital transformation journey is only just beginning. Your organisation and every SMB in Southern Africa faces years or perhaps even decades of relentless change and innovation. Digital technology is only in its nascent phases, and it's only one of the science and technology advances that will reshape our society in years to come. Our view is that most SMBs, save for those starting from scratch with no legacy IT or processes, will need to operate in a two-speed mode to prepare their tech environment and business for the disruptions of the future. By both protecting and growing today's core business, while anticipating and planning for the tech and business models of the future, they will be sure to adapt and thrive.

As your business embarks on a long-term transformation, it will be building a bridge between the analogueand digital worlds as well as preparing its workforce for a new world of work. Our goal is to work both with our channel partners and with you, to deliver solutions that help you navigate a future of continued growth, change and innovation.

Anton Herbst
CEO of Tarsus Technology Group

Gary Pickford
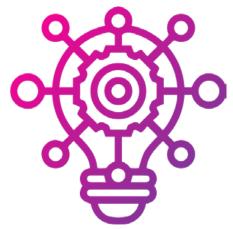CCO of Tarsus Distribution

SUCCESSFUL DIGITAL TRANSFORMATIONS
START WITH PEOPLE, NOT TECHNOLOGY

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Key insights

1. Start with what digital transformation means for the workforce and look to sustain momentum of change.
2. Re-evaluate business processes, skills base and approach to management whilst viewing digital tools and platforms as a way to enable superior customer and employee experiences.
3. Blend human empathy, creativity and critical thinking with the efficiencies of technology.
4. Invest in a future-ready workforce by taking existing talent along on the digital journey as well as finding the necessary new skills.
5. Don't only focus on developing hard skills in the workforce, but also strengthen people's capabilities.
6. Prepare all employees for the reality that digital transformation isn't a destination, but a journey of continuous change.
7. Use in-the-moment training and skills development through microlearning and experiential learning technologies.
8. Digital transformation provides people and enterprises with tools and data to listen to the customer's needs and respond to them with innovative solutions.
9. Digitalisation and automation can drive productivity and efficiency, but it's the companies that are creative, customer-focused and adaptable that will thrive in an era of continuous change and disruption.

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Successful **digital transformations** start with people, not technology

Skills, leadership and culture hold the key to getting the most from your IT investments.

During the pandemic, digital technologies enabled small and medium businesses (SMBs) to keep going through the times of the greatest disruption and the most severe restrictions. But without the grit, empathy and adaptability of their people, companies could not have realised the full value of the technologies they put in place during the COVID-19 crisis.

That's why forward-thinking CEOs start with what digital transformation means for their workforce as they look to sustain the momentum of change beyond the pandemic. Technologies such as digital commerce and artificial intelligence (AI) promise to change everything for the people in a business – and that change can be as frightening as it is exciting.

To unleash the full potential of these technologies, companies will need to re-evaluate their business processes, skills base and approach to management. Rather than seeing digitalisation as a productivity and efficiency play, **enterprises should regard digital tools and platforms as a way to enable superior customer and employee experiences.**

Progressive employers will not regard employees as robots to be optimised for productivity. Instead, they will think about how they can **blend human empathy, creativity and critical thinking with the efficiencies of machines.** It's in finding ways to sustain that human touch in their brand and customer experience (CX) that SMBs can win. To get that right, companies need to **invest in a future-ready workforce.**

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Two routes to the
workforce of the future

During the pandemic, employees showed a remarkable ability to adapt to new ways of working when it was a necessity. However, COVID-19 also highlighted the digital skills gap in Southern African businesses. As a company strives for more thorough digital transformation, it will need to evaluate the readiness of its workforce as well as which skills it will need to meet its goals.

> **Around 150 million new digital jobs in areas like privacy and trust, cybersecurity, data analysis, machine learning and AI, cloud and data roles, and software development will emerge by 2025, according to Microsoft Data Science.[1]**

It's worth making a distinction here between the new roles of the digital age and the new capabilities necessary for existing jobs in the digital age. In the former case, employers may need to bring in new blood, such as a data scientist, AI engineer or cloud architect. It would be inefficient to try to retrain a warehouse manager as a digital customer experience specialist, for example.

But it's also important to take existing talent along on the digital journey. Companies can strengthen their culture by investing in their people, helping them to develop the skills and capabilities they will need to thrive in their future careers. This has the benefit of nurturing loyalty in the workforce and building on cohesive teams that are already in the business.

One of the keys to success is to focus not only on developing hard skills in the workforce, but also to **strengthen people's capabilities.** Not everyone is a natural leader, negotiator, innovator, communicator or critical thinker – but most people can learn to improve these capabilities through training and practice in much the same way as they would a hard skill. And in a world of efficient, automated systems, it's these human competencies that will give a company its competitive edge.

Overcoming the fear factor

Investing in people is also important because it addresses one of the key reasons corporate transformation programmes fail: fear and anxiety among employees about what the change will mean for them. Task workers, especially, are fearful that they will be automated out of their jobs. Other employees may be concerned they don't have the skills to work in new ways.

When the business's leadership funds and supports people in their career journeys, it demonstrates that it values their skills and capabilities. This can help to reposition transformation from a threat to be feared into an opportunity to be embraced. Once people are excited about the change and the opportunities it could bring, they'll be more ready to adopt new ways of working and learn new skills.

> **According to McKinsey, 70% of change programs fail to achieve their goals, largely due to employee resistance and lack of management support.[2]**

It's also important for leaders and managers to prepare their employees for the reality that **digital transformation isn't a destination, but a journey of continuous change.** They'll need to explain why change is necessary, how they'll work to mitigate the discomfort it brings and how they will equip their people to navigate change.

Technology can play a central role in supporting this journey. Microlearning and experiential learning technologies can empower people with **in-the-moment training and skills development.** AI can be used to give feedback to people and tailor their learning experience and collaborative platforms can be harnessed to share company strategies and goals.

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The business leader's role is to INSPIRE, not to micro-manage

Digital transformation is a massive shift, touching everything in the business from how teams are structured and managed to the content of particular jobs. For example, some companies are starting to arrange multidisciplinary teams around projects and outcomes rather than functional siloes such as HR, sales, marketing and IT.

In many instances, these teams could be geographically dispersed and comprise a mix of employees, full-time contractors, freelancers, and secondments from partners. As organisations move towards these less hierarchical structures, a command-and-control approach to leadership inevitably crumbles. In this context, the C-suite and line managers cannot lead in the same way as they did in the industrial age.

Instead of micromanaging, business managers and leaders need to focus on enablement and inspiration. They will set the culture of the organisation, with a view to driving agility, collaboration and innovation. In the view of Anton Herbst, CEO of Tarsus Technology Group and Gary Pickford, CCO of Tarsus Distribution, much of the justification for digital transformation lies in enabling employees to embrace life-long learning and customer-centricity—and it's the leadership that will set the tone.

> In a BCG study of 40 digital transformations, companies that focused on culture were five times more likely to achieve breakthrough performance than companies that neglected culture.[3]

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Embracing customer-centricity

On the subject of customer-centricity, we define it as equipping an organisation or an employee with the capability of solving problems and creating opportunities for a customer. Digital transformation provides people and enterprises with **data and innovative, pioneering tools to listen to the customer's needs and respond to them with suitable and cost-effective solutions.**

Leading organisations will find ways to operationalise customer-centricity and embed it into their culture. For example, they'll incentivise employees across all functions for customer outcomes, understanding that even back-office functions like finance might impact the customer experience. They'll also democratise customer insights to ensure each person understands what customers want and need.

It's here where we find the tight linkage of employee experience (EX) and CX. A superior EX–how an employee interacts with the employer across different touchpoints–helps equip employees with the tools, motivation, information and incentives they need to deliver superior experiences in each customer interaction.

Research from IDC reveals that 85% of executives agree that an improved EX and higher employee engagement translate to a better CX, higher customer satisfaction, and higher revenues. Some 62% said that there is a defined causal relationship between EX and CX and that the impact was "large" or "significant" and measurable.[4]

It's the **human touch** that matters

The pandemic has not only shown us why digital transformation is essential, it has also underlined why the human touch matters more than ever before. Digitalisation and automation can drive productivity and efficiency, but that's simply a ticket to play in today's competitive world. **It's the companies that are creative, customer-focused and adaptable that will thrive in an era of continuous change and disruption.**

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Case Study

FMCG giant Unilever and US retailer Walmart (as co-leaders of a World Economic Forum task group) ran a pilot project to investigate how data and AI could facilitate new career opportunities and support the reskilling of employees.[5]

The two companies started with two assumptions: that jobs might be better viewed as a combination of multiple skills rather than singular roles and that data could potentially augment human perceptions about the skills required for specific roles.

To get a baseline, the human resources (HR) teams at Unilever and Walmart selected 10 roles each from across their businesses. Each team then drew up a list of the main skills they associated with each role and the potential training pathways for reskilling people for separate roles.

Their partners, Accenture and SkyHive, reviewed the lists and applied data analytics tools to see what skills might be missing, where skills overlapped, and which ways would be the most efficient to upskill existing talent.

A granular analysis of the component parts of the roles revealed that the skills gaps between distinct functions was narrower than initially thought. For example, there is a 63% crossover in skillsets between an inventory replenishment manager and an e-commerce manager.

This shows that reskilling and upskilling can often be the quickest and most cost-effective solution to filling skills gaps when a business is in a digital transition. Furthermore, AI can eliminate many human biases about who can be reskilled as well as the nature and content of different job roles.

Studies such as these show that each enterprise can use digital tools such as AI and distance learning to empower individual talent mobility and equip people to build and shape their own careers.

Walmart and Unilever show how AI can facilitate career opportunities

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Expert Perspective
Using tech to rehumanise work

○ The Great Resignation wasn't created by the pandemic so much as supersized by it. The unwillingness of workers to rush back into cubicles, behind counters, onto assembly lines, and behind the wheel is a direct result of work cultures that too often default to suspicion, inflexible schedules, and unrealistic workloads.

○ The virtual and flexible work arrangements necessitated by the pandemic were revelatory for many people, but didn't free them from the 24/7 onslaught of tasks, back-to-back meetings, and emails created by always-on cultures and technologies.

○ But the next wave of digital tech—what we call "smart tech"—has the potential and power to be different and to reverse these trends. Instead of dehumanising us, smart tech can actually help rehumanise work.

Allison Fine and Beth Kanter,
Authors of the *Smart Non-Profit, writing for Harvard Business Review*[6]

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