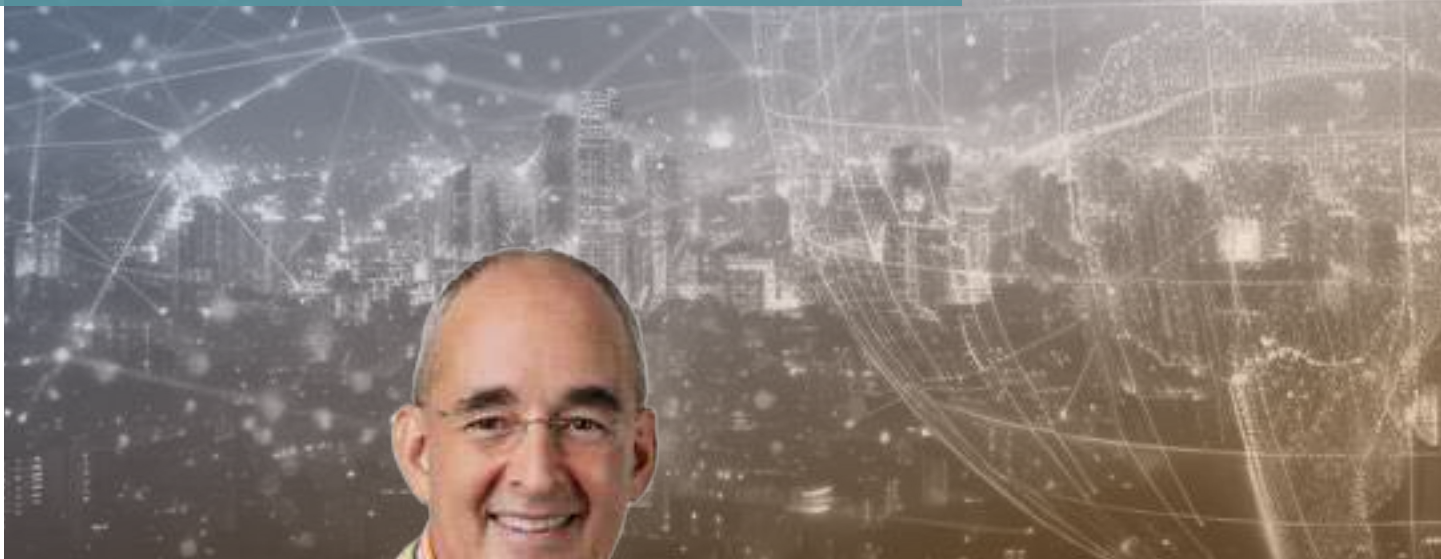


# Implementing Change in a Digital World



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Digital transformation transcends traditional IT upgrades, embodying a radical rethinking of how an organisation uses technology, people, and processes to fundamentally change business performance. For the financial sector, this means not just automating existing processes but reimagining customer interactions, compliance measures, and product and service offerings from the ground up.

Digital transformation is also daunting as it combines adopting technology, which has previously failed; typically two out of every three initiatives, with redesigning a company's culture, which has also failed on average two out of every three times. Digital transformation requires conducting both of these and expecting a better outcome!

We have now completed the first full decade of digital transformation as we know it today, and we have learned that it predominantly fails not because of technology but because of the challenges of transforming a company. To overcome this high failure rate, top-performing leaders subscribe to both the strategy and its implementation.

They also recognise that the transformation is driven predominantly not by efficiency or effectiveness, but by the customer.

**Customers notice  
your implementation,  
not your strategy.**



Crafting a new strategy in a digital world involves making choices such as markets to compete in, growth strategies to pursue, customer segments to target, sustainability and social responsibility to incorporate, technology to invest in, and the ecosystems to participate in.

Implementation moves the organisation from planning to doing, from thinking to

achieving, and from choices to action. It requires employees to work differently, as by default a new strategy means doing things differently. Employees, however, are already busy every day. Therefore, the challenge for leaders is to ensure they are busy doing the right things, that is, taking the right actions.

**Strategy is about making the right choices; implementation is about taking the right actions.**

In the phrase “taking the right actions,” “taking” means having the discipline to do what one is supposed to do. But this is not easily accomplished. For example, we know eating healthy is good for us, but after studying the menu, we order hamburgers and fries rather than a salad. We know exercising for a minimum of 20 minutes a day is good for us, but we sit on the couch and binge episodes of our favorite TV series instead of going to the gym or for a run.

**Despite our good intentions, somewhere between thought and action, we lose our focus.**

Consider these examples:

**1**

After having potential life-threatening heart surgery, people know they need to change their daily actions, but most do not. Dr. Edward Miller, dean of the medical school and CEO of the hospital at Johns Hopkins University, says: “If you look at people after coronary-artery bypass grafting two years later, 90 percent of them have not changed their lifestyle.”<sup>1</sup>

**2**

The International Journal of Environmental Research and Public Health<sup>2</sup> indicates that as many as one in five doctors smoke. Despite knowing the risks of smoking, and supposedly setting an example for their patients – they still smoke.

**3**

Even though people know it's good to exercise and eat right, by 2030, an estimated one half of the American population will be obese.<sup>3</sup>

**“Just because people understand what to do doesn’t ensure that they will actually do it. ”**

-  
Marshall Goldsmith  
*Executive Leadership Coach & Author*

**“We don't have to be smarter than the rest. We have to be more disciplined than the rest. ”**

-  
Warren Buffett  
*Investor*

<sup>1</sup> Alan Deutschman, “Change or Die,” *Fast Comp*

<sup>2</sup> Anais Besson, Alice Tarpin, Valentin Flaudias, Georges Brousse, Catherine Laporte, Amanda Benson, Valentin Navel, Jean-Baptiste Bouillon-Minois, and Frédéric Dutheil, “Smoking Prevalence among Physicians: A Systematic Review and Meta-Analysis,” *International Journal of Environmental Research and Public Health* 18, no. 24 (2021): 13328, <https://doi.org/10.3390/ijerph182413328>.

<sup>3</sup> Melissa Healy, “By 2030, Nearly Half of All U.S. Adults Will Be Obese, Experts Predict,” *Los Angeles Times*, December 18, 2019, [www.latimes.com/science/story/2019-12-18/nearly-half-of-us-adults-will-be-obese-by-2030](http://www.latimes.com/science/story/2019-12-18/nearly-half-of-us-adults-will-be-obese-by-2030).

Eastern philosophy has this expression: "The way you do anything is the way you do everything." That means when discipline is developed in one's personal life, it carries over into their work life and vice versa.

According to a Deloitte 2023 analysis<sup>4</sup>: "Organisations often struggle to determine which actions drive the most impact and which investments yield the most enterprise value. We found that the link between strategy and action is the determining factor in a company's ability to derive the most value from its digital transformation. The right combination of digital transformation actions can unlock as much as US\$1.25 trillion in additional market capitalization across all Fortune 500 companies. But the wrong combinations can erode market value, putting more than US\$1.5 trillion at risk."

Implementation in a digital world requires leaders to think differently and approach things differently. For example, The America's Cup is the Formula 1 of boat racing, with each boat constantly seeking technological advantages. Previous advantages have come from raked masts and hydrofoils and, most recently, from artificial intelligence (AI).

In 2019, the Emirates Team New Zealand took a different approach to the boat-racing competition by collaborating with McKinsey & Company to expedite the boat's design. The team implemented an AI system that could run thousands of simulations in the time it took the crew to complete just a few. Digital simulations were then used as training methods and to test design innovations. Remarkably, within two months, the AI began outperforming

the sailors in these simulations. A bot trained itself by using reinforcement learning, a machine learning technique that identifies the best sequence of actions in a complex environment.

**"The bot was actually doing things that felt counterintuitive to the sailors, but they'd try them out on the water, and they'd actually work."**

-  
Jacomo Corbo  
QuantumBlack's co-founder  
& chief scientist

In this way, AI even began teaching the sailors new techniques using AI insights built into their system of decision-making, resulting in accelerating the innovation process and Emirates Team New Zealand winning the America's Cup that year, a tense and thrilling race.

Similar to the sailors, leaders need to understand the digital technology and methodologies their company can adopt and then leverage them to the maximum value.

The six success factors in the following page are what leaders need to consider, to transform their company in a digital world.



<sup>4</sup> Gregory Dost and Diana Kearns-Manolatos, "Unleashing Value from Digital Transformation: Paths and Pitfalls," Deloitte, February 14, 2023, [www.deloitte.com/global/en/our-thinking/insights/topics/digital-transformation/digital-transformation-value-roi.html](https://www.deloitte.com/global/en/our-thinking/insights/topics/digital-transformation/digital-transformation-value-roi.html).

# Key Actions for Digital Transformation Success





## 1. Establishing a Clear Digital Ambition

### Importance:

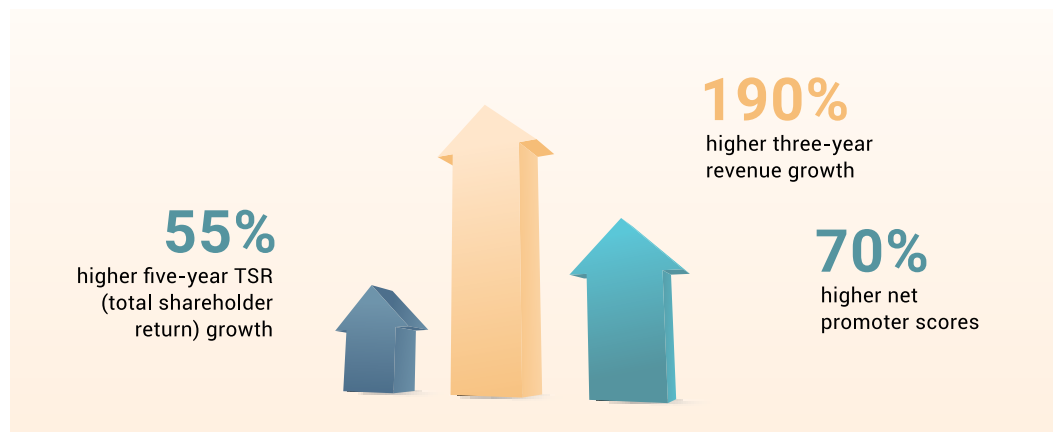
A coherent digital ambition aligns all organisational efforts and resources toward a unified goal. It provides a framework against which all initiatives can be measured.

The leadership discussion question: “How can the organisation leverage digital to add greater value to the customer, whether B2B or B2C (as digital is rapidly eliminating this difference), and what needs to change within the business?”

A digital ambition articulates how the organisation will improve the customer experience by leveraging digital technologies

and methodologies. It inspires and aligns people, drives the investment in technology, and focuses the energy on the right actions to be taken.

A 2022 BCG survey<sup>5</sup> found that businesses that focus on customer experience create more value, generate more growth, and foster more trust than their peers – by eye-opening margins. Leaders saw 55% higher five-year TSR (total shareholder return) growth, 190% higher three-year revenue growth, and 70% higher net promoter scores.



### Implementation:

Leaders should articulate what digital means to their customers and only then how digital will drive the business forward. They need to detail specific outcomes such as improved customer satisfaction or operational efficiency. For instance, Maybank’s

digital strategy includes providing seamless, personalised banking experiences through its MAE app and integrating banking with lifestyle needs to enhance customer engagement and satisfaction.

<sup>5</sup> “Building Customer Experience for the Future,” BCG, April 11, 2023.

## 2. Developing an Agile Culture

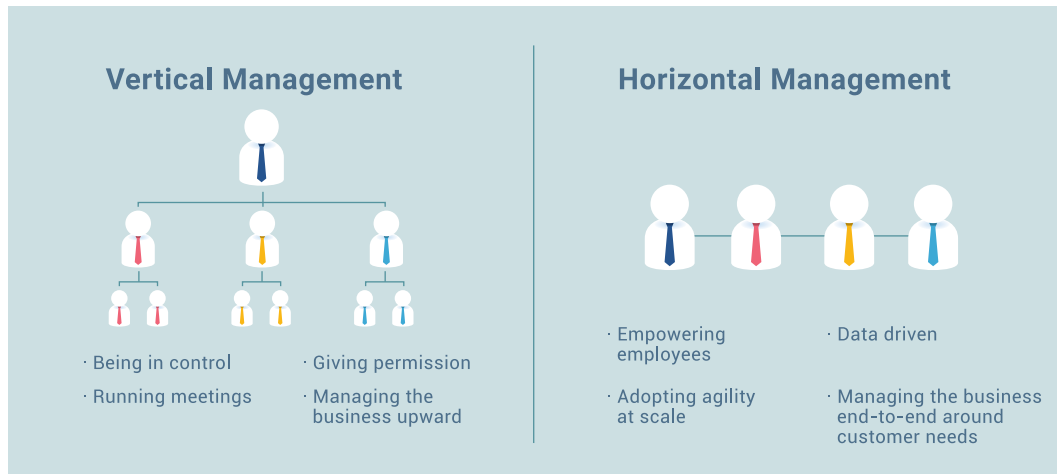
### Importance:

Digital transformation requires a cultural shift that embraces rapid innovation, experimentation, and a tolerance for failure. The challenge we have is that legacy leadership is the biggest roadblock to successful transformation (not technology). The most open-minded and adaptable leaders who have shaken off the shackles of legacy leadership are discovering new value for their customers and ways to lead their employees.

In the past, the strongest leaders were considered to have all the answers. In a digital world, the strongest leaders are the

ones who ask the right questions.

To successfully lead a company in today's digital world, a dramatic shift is required from vertical to horizontal management. Leaders must let go of such legacy leadership practices. That means moving from being in control, giving permission, running meetings, and managing the business upward (known as vertical management) to empowering employees, being tremendously data-driven, adopting agility at scale, and managing the business end-to-end around customer needs (called horizontal management).



### Implementation:

Implementing agile methodologies that allow for quick pivots and iterative development is crucial. Creating 'test and learn' environments where teams can experiment safely without fear of repercussions, encourages innovation.

DBS Bank's transformation into a more agile organisation illustrates this, where cross-functional teams collaborate in 'sprints' to drive faster, customer-centric product development.

### 3. Investing in Technology Platform and Reskilling Employees

#### Importance:

The success of digital initiatives heavily depends on having the right leaders and talent equipped with the necessary digital skills.

Leaders have become accustomed to being the most knowledgeable people in the room. After all, that's one reason many got promoted. But this is no longer true, because many of the skills and knowledge required today are relatively new. Examples include how to write code, employ machine learning, or analyse data – areas that were not previously part of a business school's curriculum. Recognizing that leaders no longer know it all, their leadership style needs to adapt to accommodate a learning mindset. Both leaders and employees need to become lifelong learners.

Recognising that some employees are now hired because of their specific digital skills, a practice that's becoming common is reverse mentoring. Reverse mentoring flips the script on traditional mentoring by having junior employees with a specialised skill share their knowledge with someone more senior.



At Infineon, for example, reverse mentoring accelerated the adoption of a new platform. The new platform promised substantial process improvements via digitised documents, streamlined data access, and greater transparency to aid decision-making. Despite the promise, though, persuading senior leaders to use the new system was initially difficult. Junior employees solved the problem by stepping up and guiding senior leaders through the process.

#### Implementation:

Financial institutions should invest in continuous learning and development programmes to keep their leaders and workforce current with technological advancements and advances in banking systems. Partnering with educational

institutions to create tailored courses in data analytics, cybersecurity, and digital ethics can help bridge the skill gap. An example is Bank Negara Malaysia's collaboration with local universities to develop fintech-specific curriculums.



## 4. Leveraging Data for Competitive Advantage

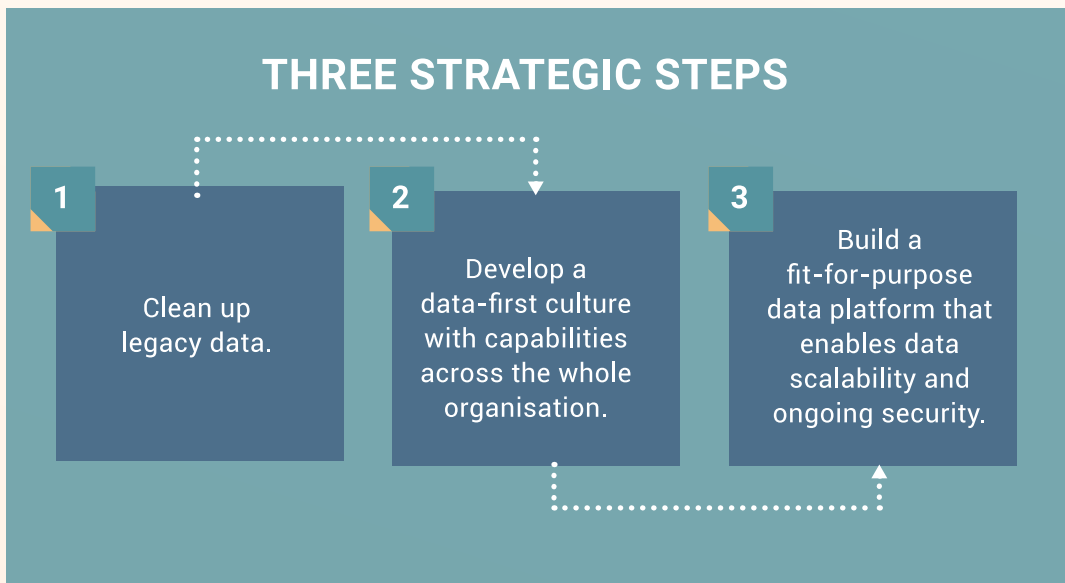
### Importance:

In the digital economy, data is a key asset that can provide insights into customer behaviour, operational efficiency, and strategic opportunities.

It's now possible to measure everything that happens within an organisation, and those that succeed in becoming data driven are the ones who will win in the next

few years. Successfully data-driven organisations recognise the mantra "better data, better decisions, better performance."

For traditional companies to become data driven, it requires three strategic steps.



Leaders are responsible for putting in place the governance and support for data use as well as identifying who has access to which data. That's the easy part!

The greater challenge requires changing employees' behaviour to use data in their decision-making. Leaders begin by encouraging employees to focus on the current problem rather than on what data to use but also to turn to data whenever possible.



## Implementation:

Financial leaders should establish advanced data analytics capabilities to harness big data for real-time decision-making. Implementing robust data governance and privacy standards ensures trust and compliance. CIMB Bank's platform uses data analytics to offer customised financial solutions that anticipate customer needs and preferences.

In another example, DBS Bank adopted data to reduce relationship manager (RM) turnover, a common issue in banking. Data regarding RMs' behaviour wasn't being used, so members of the analytics team and human resources team changed that. They turned to the data and discovered they could predict when an RM was likely to leave.

They did this by looking at:



Each data point reflected common behaviours demonstrated before the RM resigned. Then 600 data points were fed into machine learning. With 85% accuracy, the results told the bank which people were likely to leave within three months. Today, this model generates a monthly report (used as a digital nudge) that alerts supervisors about RMs who might potentially resign. It also prescribes specific actions that leaders can take to prevent resignations.

Today, DBS Bank retains more than

**90%** of its employees who might otherwise have left.

Data usage pays off. For every one percent improvement in reducing turnover, the bank

**\$ saves up to \$3.7 million**

## 5. Developing Customer Obsession

### Importance:

Digital-first customers expect seamless, intuitive, and personalised interactions across all digital touchpoints.

Top-performing companies have identified that this access to digital transformation puts the customer at the center. Companies that started with efficiency or focused on a smaller area of the business have eventually recognised that digital penetrates every part of the business and that everyone today is a technology company. They identify how digital affects the essential components of the business – something leaders habitually underestimate. It's not about tweaking or adjusting their business model; rather, for many companies, especially traditional ones, it's a complete transformation that starts and ends with the customer. It calls for revisiting customer offerings while leveraging tools such as data analysis, design thinking, and customer journeys.

Customer-obsessed organisations recognise it's not technology that should be driving the transformation. Rather, customers and their changing requirements are the drivers. For example, companies such as Levi's and Procter & Gamble are sending employees on customer visits to observe and understand

how they use their products, what job needs to be done, and from that, how they can better meet their customers' needs.

Customer-obsessed organisations adopt design thinking and have the agility to rapidly translate customer discoveries into their products and services. Haier Group, for example, uses the expression "zero distance to the customers," which is a mindset as much as a strategic play. The goal? Any feedback from the customer goes immediately to the engineers and designers, not through layers of supervisors and managers.



### Implementation:

Banks and insurance companies need to redesign their customer journeys to be digital-first, utilising technologies like AI and machine learning to provide personalised

services. The combination of customer journey mapping and data is where the magic happens in providing better service through mass hyper personalisation.

## 6. Strengthening Cybersecurity and Regulatory Compliance

### Importance:

As financial institutions handle increasingly large volumes of sensitive data, protecting this data against cyber threats and ensuring compliance with regulatory requirements is paramount.

It is estimated that more systems are hacked than are not hacked. Therefore, it

becomes not a question of “if” but “when” an organisation will be hacked. In fact, it can take up to a year and a half before a hack is discovered. This places additional importance on leaders to ensure their customers, both internal and external, can trust them.

### Implementation:

Adopting advanced cybersecurity measures and ensuring systems are up-to-date with regulatory changes are critical. Regular audits and adopting frameworks such as the Bank Negara Malaysia's Risk Management in Technology (RMiT) can guide institutions in maintaining robust security standards.

A best practice is to build cybersecurity into the strategy, not having it as an afterthought. This creates a better, safer, and more responsible approach to protecting customer trust.

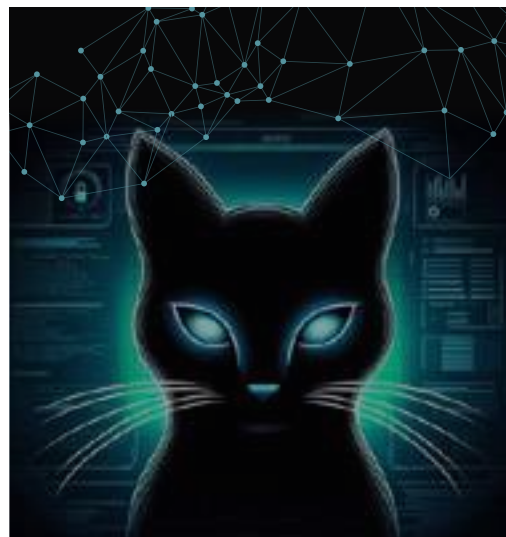
The cost of protecting against being hacked can be minimal compared to the cost of being hacked. According to PwC, one in four organisations globally has suffered a data breach amounting to a cost of

MGM Resorts International faced a cyberattack in September 2023, attributed to the Scattered Spider group and ransomware by ALPHV (BlackCat). This attack disrupted MGM's operations and cost the company an estimated US\$80 million in revenue over five days. The attack highlighted the evolving nature of cyberthreats and underscored the importance of robust cybersecurity measures.



**US\$1–20 million**  
or more in the past three years.

An estimated 80% of systems vulnerabilities, however, can be fixed with patches that are already available.





**Success is not about having a digital strategy; it's about having a strategy in a digital world.**

The journey toward digital transformation is fraught with challenges but also filled with opportunities. By strategically implementing the outlined actions, financial leaders in Malaysia can navigate their institutions toward successful digital futures, driving innovation, improving customer experiences, and maintaining a competitive edge in a rapidly evolving digital landscape.

**Robin Speculand is a global expert in strategy and digital implementation, a frequent keynote speaker, a facilitator at business schools, and consultant to Boards and C-level.**

