

Digital transformation and the CEO

Recommendations for charity leaders



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Foreword

More than 25 years after the creation of the net, the digital landscape still remains relatively unexplored territory for many of our nation's charities and social enterprises. Only a handful of our best known, best loved social organisations are truly exploiting what digital has to offer.

This short paper outlines some challenges for charities and social enterprises if they are to move the digital agenda forward, in concert. The locus of action, it is suggested, is charity leadership. The fact that we have a useful piece of research that demonstrates how far we have to go is a good thing and the beginning of a wider conversation.

It is not just about how charities raise funds or how they improve their processes; how they latch on to innovations like crowdfunding and eke some charitable good therefrom. We need to get ourselves into a collective, innovative mind-set, develop our own digital product base, and keep pace with the innovations of digital. My own organisation plans to play a leading role in this task, the task of developing a true civic alternative online.

The irony of our current age is that organisations that deliver social benefits are often chastised for becoming too modern, too business like. Charities need ever greater encouragement - from their boards and from the public - to stand firm and fight for the technological changes that will modernise the sector and improve society, all at once.

Asheem Singh

Director of Public Policy
ACEVO

Introduction

No matter who you are, it's no longer enough to be a cherished brand.

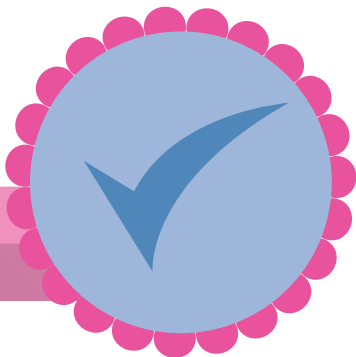
We see it all around us. In the recent past we only need look to what has happened to organisations like Woolworths, Kodak or Blockbuster. Or now at how organisations like Uber are disrupting old business models and eating up revenue from long established rivals. The situation is no different in the charity sector. Many charities are now looking closely at the possibility of new, digital based start-ups that could threaten their share of both revenue and mindshare.

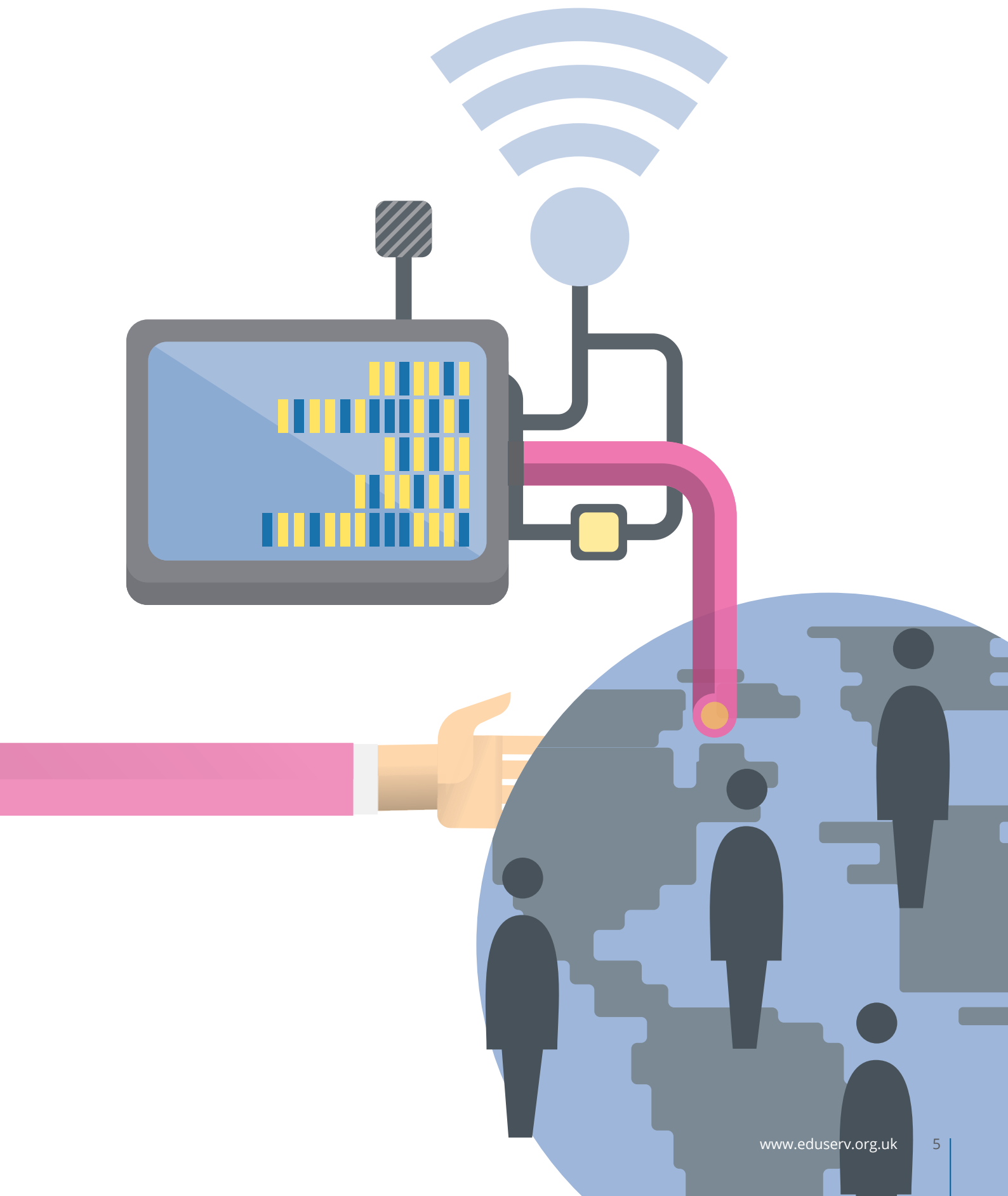
Unfortunately, digital is still an opportunity that's being missed by most in the UK charity sector. Few disagree that digital technologies present a great opportunity for organisations to operate more efficiently and innovate the new services that will keep them relevant to supporters, beneficiaries and staff.

Yet according to the digital specialists who are employed to do the job, few UK charities are yet to benefit beyond the basics of digital fundraising and marketing.

Our latest research, summarised in this report, reveals a picture of digital staff who are frustrated by a lack of progress and a general lack of integration with core business operations. What's also clear from our research is that digital specialists crave better support from their leadership teams. In fact, they believe that true transformation is only possible with the support of a CEO that is willing to drive change.

This report highlights the opportunities and challenges these findings pose for charity leaders and the five key areas they should address around digital.

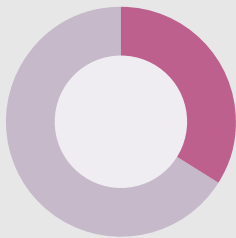




Where we are now - the research

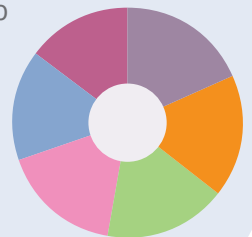
Leaders are still not on the same wavelength as digital:

Digital specialists say only **34%** of charity leaders understand the full potential of digital transformation.



Not enough is being done to change cultures and develop skills

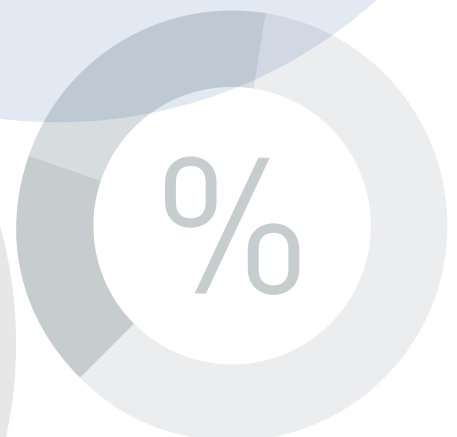
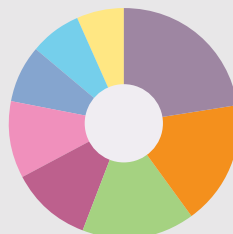
- **95%** have no HR strategy for improving digital capability.
- **89%** have not put digital as a core skill for new recruits.
- **88%** have not put digital in the job description for existing staff.
- **87%** of charities have not mapped skills gaps.
- **80%** have not delivered training to build digital literacy.
- **75%** have not trained to build digital skills.

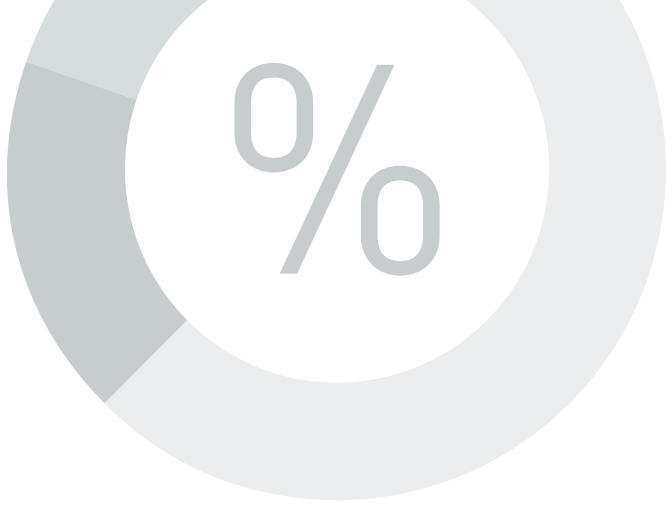


Departments embracing digital are the usual suspects while core operations lag behind.




The teams increasing their effectiveness through digital the most are:

- Communications - **74%**
- Marketing - **56%**
- Fundraising - **52%**
- Campaigns - **37%**
- Operations - **35%**
- Volunteer engagement - **26%**
- HR - **24%**
- Finance - **21%**



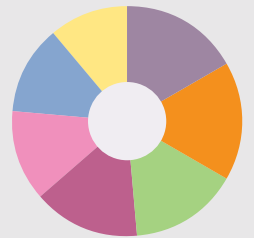


Most charities aren't planning strategically

-  ● **50%** of charities don't have a digital strategy.
-  ● **One third** of business functions have no plan to support digital transformation.
-  ● Only **16%** of charity IT teams have a plan to support digital transformation.

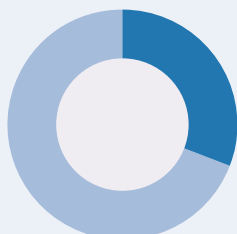
When organisations do get digital transformation right they:

- Have the right skills and knowledge across the business – **73%**
- Collaborate across teams to make change happen – **71%**
- Create a culture which is supportive of digital change – **66%**
- Have a CEO that is willing to drive change – **65%**
- Invest appropriately in IT – **55%**
- Have enhanced their ability to access and use data – **54%**
- Have a clear digital strategy – **47%**



More leadership is needed from above?

- Only **31%** of digital leaders think they are the right people to drive transformation and believe change has to be driven from the top.



Delivering business transformation through digital

5 ways chief executives can ensure digital has the best chance of driving change

Analysis of our research indicates there are five key areas that charity leaders should focus on to make digital core to the way they work and futureproof their organisation in an increasingly digital world.

Bring digital and HR closer together

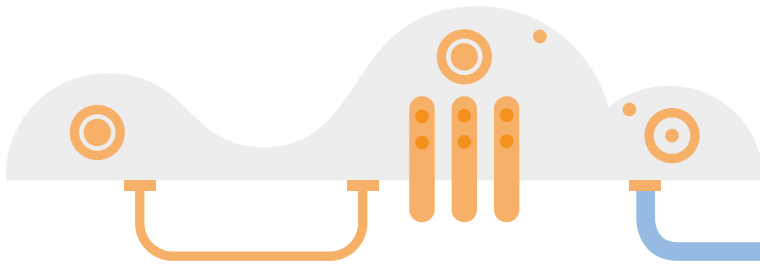
Heads of Digital say that 'collaboration across teams' and a 'culture which is supportive of digital change' are among the most important factors that facilitate successful digital transformation.

However our research reveals that many charities are struggling to create this kind of environment because their HR team is hardly engaged with digital at all.

Charity Leaders that want to drive real business transformation through digital need to stop expecting digital teams to do it all from the side-lines and get their HR team much more involved. HR needs to be focused on building a digital culture and capability. It also needs to do more to understand the change and skills that are required to thrive in a new age.

HR and digital teams should also work more closely together – to the extent that they are formulating workplace policy and technology procurement decisions jointly.





Review how digital is structured within your organisation

In most cases digital teams still sit in a silo and have little influence on other departments outside of marketing, communications and fundraising.

This is clearly not sustainable if charities want to transform operations and service delivery for the benefit of both beneficiaries and staff.

To surmount this, it is time to think about breaking up central digital teams and spread responsibility for digital service delivery to departments throughout the organisation. This will have the benefit of breaking down those silos while simultaneously spreading digital skills throughout the organisation and addressing digital literacy issues. It will also ensure that the core digital team becomes more focused on strategy and driving business change instead of being bogged down by day to day service requests.

Make sure finance is making investment decisions based on the right criteria

Digital often remains marginal in many charities because other departments have been scarred by technology projects that have failed to deliver on promises in the past.

With the competitive stakes now so high leaders need to make sure that past failures aren't a barrier to future investment. They should start by ensuring their finance department demands that all new digital/technology procurement proposals include a thorough review of how processes will be improved. This will help to support long term financial sustainability. Consideration of the technology and how it will help achieve this should be secondary.

Finance should also be clear that any technology proposal needs to include plans for the people and change management that will be required around it. Again, the involvement of HR and how it collaborates with both digital and finance specialists is key.



4 Own and drive digital yourself

Most Heads of Digital don't see themselves as the one who should be leading digital transformation. This is mainly because they believe - quite rightly - that genuine transformation can only be led from the top (indeed, 65% of digital leads say that their success depends on having a CEO that is willing to drive change).

There is now a clear need for charity leaders to take a firm grip on digital and make sure the right environment is in place to encourage and foster real change. This involves making fundamental decisions about everything from business strategy to how HR, finance and other departments are structured and is not something that a digital specialist or external consultant can do alone. It also means leaders need to take it upon themselves to develop greater skills and understanding.

5 Move beyond the language of Digital First and talk business transformation

Is it time to put the language of 'Digital First' to bed and use different vocabulary altogether?

Charity leaders are starting to express concern over use of the word 'digital' and how limiting it can be. The connotations are too narrow and reinforce misconceptions about digital transformation focusing only on websites, mobile and social.

There is also some doubt over whether a 'digital' only or digital-led strategy has much long term value. Many charities that have developed a digital plan often complain technology moves so fast that their strategy is out of date in under a year.

The time is now arriving for leaders to consider stopping developing digital strategies in isolation and focus entirely on broader business transformation instead.

Digital will of course will play a fundamental role - but it's the language that you use that could be most important in making transformational ambitions stick.



About the research

This report is based on an independent study commissioned by Eduserv on the challenges faced by charities in driving digital transformation within their respective organisations.

Our research was carried out between November and December 2015 and comprised the following:

- Survey of 310 digital leaders carried out in partnership with CharityComms.
- Qualitative interviews with charity leaders including:

Kay Boycott, CEO, Asthma UK

Lindsay Gormley, Marketing Director, Asthma UK

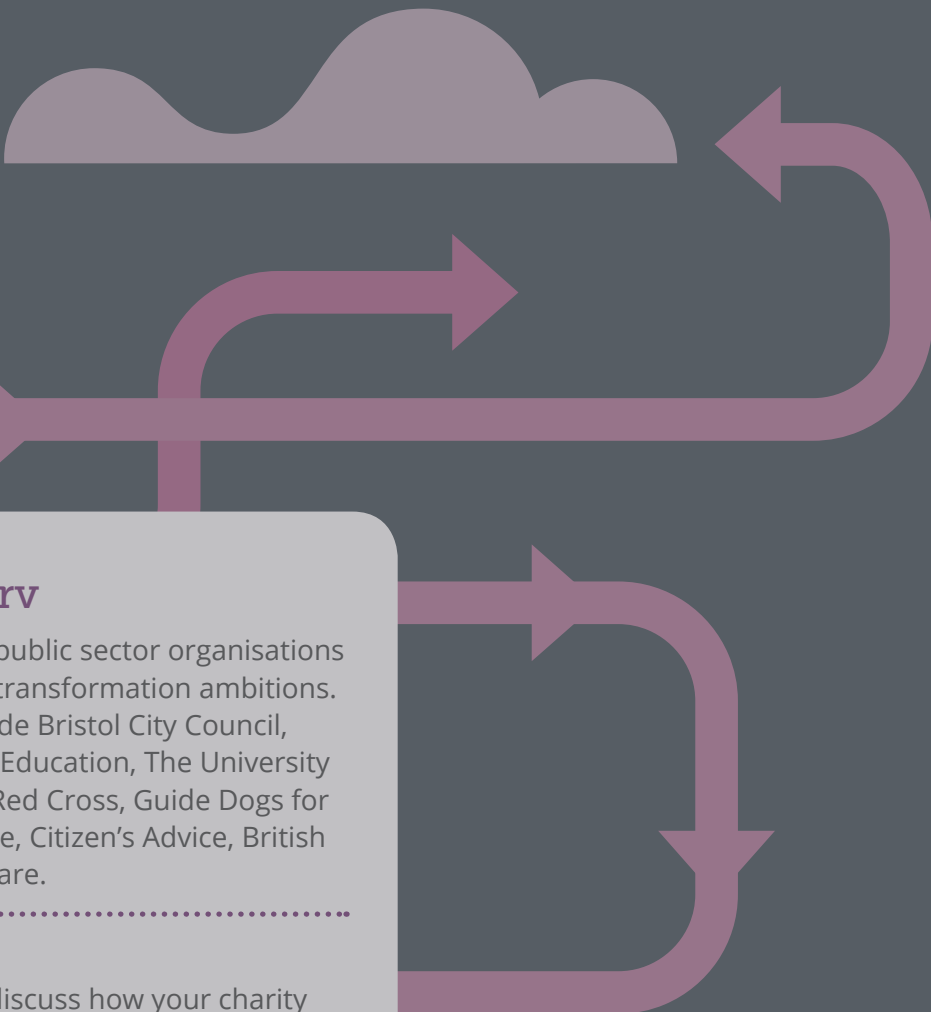
Lucy Semmens, former Director of HR and Strategy, Cystic Fibrosis Trust

James Atkins, Volunteer and Development Manager, Cystic Fibrosis Trust

Luke Surry, Head of Digital, RSPB

Paul Stuart, COO, Send a Cow

John Tate, Trustee for Eduserv and Visiting Fellow at Cass Business School's Centre for Charity Management



About Eduserv

Helping charity and public sector organisations achieve their digital transformation ambitions. Our customers include Bristol City Council, The Department for Education, The University of Leicester, British Red Cross, Guide Dogs for the Blind, Marie Curie, Citizen's Advice, British Library and Drinkaware.

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Get in touch

If you would like to discuss how your charity can start to embrace digital transformation, contact us to book a workshop:
sales@eduserv.org.uk

In partnership with



www.eduserv.org.uk