



Interview with Jeanne Ross, co-author, *Designed for Digital*

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KENNEALLY: New and powerful digital technologies are good for business in many ways. Going digital can certainly help organizations to market better their products and services. Yet digital is at its most transformative when organizations use it not to sell but to solve customer problems.

Welcome to Copyright Clearance Center's podcast series. I'm Christopher Kenneally for Beyond the Book.

In the new book *Designed for Digital*, out this week from MIT Press, Jeanne Ross and her coauthors unroll a blueprint for digital success created for executives at established companies. Digital business design is not about restructuring or about IT architecture, though both are important. *Designed for Digital* emphasizes the creation and cultivation of five essential building blocks, including a digital platform that permits a company to configure offerings rapidly and an accountability framework that balances individual and team autonomy with alignment to organizational goals.

Jeanne Ross, Principal Research Scientist at the MIT Sloan Center for Information Systems Research, joins me now from her MIT office in Cambridge, Massachusetts. Welcome to *Beyond the Book*, Jeanne.

ROSS: Thanks for having me, Chris.

KENNEALLY: Well, we're delighted to chat with you. Congratulations on the new book, *Designed for Digital*. And let's talk about, first, what digital technologies do that's so different – that is, as you would put it, so game-changing. There are three important capabilities that digital technologies offer.

ROSS: Yes. I think it's important to focus on the capabilities of technologies rather than the technologies themselves. And I think the thing that the technologies – and here, I'm talking about social, mobile, analytics, cloud, Internet of things, the AI, the blockchain – that whole list of technologies – the three things they do is (a) they give us ubiquitous data, which basically means there is nothing we can't know. So when we're trying to imagine what we can do for customers, we should start with the premise that, if there's something we need to know, as long as we have a value proposition, we can find a way to get that data. It's ubiquitous.



The second thing is we have unlimited connectivity. And that means not only can we get that data, but we can get it as it happens, as things occur. And we can resolve issues, we can distribute new information pretty much instantaneously, because we have IoT and we have mobility, so there is a way to react to the data and the analysis that we can do.

Finally, we have massive processing power. Because of that, we won't be overwhelmed by our data. We can take it. We can process it. This is why AI is a real possibility now. So we have unlimited data, unlimited connectivity, unlimited processing power. It means we can do things that were absolutely not possible in the past business environment.

KENNEALLY: And Jeanne Ross, of those three capabilities, the one that fascinates me the most is the ubiquitous data piece, because it means no more guessing. And we've all been in businesses and organizations where a lot of guessing was going on. Publishing has been a lot about gut, which is another way to say guessing. Now, data means we take the guesswork out.

ROSS: Absolutely. We have been talking a long time about trying to create evidence-based organizations. So at this point, any company that just relies on the smartest person in the room phenomenon is making huge mistakes all the time, so we're looking for data, we're looking for hypotheses, we're looking for experiments – all of these ways of knowing things instead of guessing things or having our opinion.

KENNEALLY: And the game-changing piece of this is really twofold, as you see it, then. It changes the way organizations themselves are designed. And talk about that. Talk about digital business design.

ROSS: Yeah. This is a thing that I think senior executives really need to get their heads around, because traditionally they thought their job is to come up with a strategy and then structure the company in ways that basically divide and conquer. Here's our strategy. Here's what we need to do. You do this. You do that. You do that. And somehow it gets done.

This has never been particularly good. But it's about the best we had. It was a hierarchical environment. It was very top-down thinking. It relied on people at the top to know what was best in the organization. And it's basically not viable and certainly no longer necessary in this digital world, where we can rely on people to get data, understand that data, respond in a way that's consistent with what the organization wants to be.



To do that, though, we're going to have to design systems and processes and roles so that people understand what they own, what they are accountable for and then learn how to ask questions, develop experiments so they can make sure they're taking appropriate action, without being told what to do.

KENNEALLY: And you should tell us more about what digital design is, Jeanne Ross, but we can start perhaps by talking about what it's not, which is it's not restructuring. It's not an end stage. It's not something you get to and you can stop.

ROSS: That's exactly right. And I think this is why it's so hard to do. It recognizes that we're constantly changing as an organization. So the thing about structure and why we like to rely on structure for executing our strategy is it's stable. We can say we're going to put serious resource into something, and then we put serious resource into it, and we hope for the best coming out of that.

Today, I think what we can't know is what tomorrow holds. There's going to be new technologies, there's going to be more data, there's going to be changing customer demand. There are evolving industries, new competitors. We wake up every morning to change. And if we want to deal with that effectively as a business, we better design ourselves for change. And that's just a totally different way of thinking about your business, and it means you're designing an agile organization rather than structuring a company intended to fulfill a very specific strategy.

KENNEALLY: And you said before that, in the old way, it would have started with strategy. Here, you're starting with this design notion. But strategy remains critical, of course, so how does digital change strategy making?

ROSS: Oh, man, I think this is going to be rather upsetting to people who have gotten good at strategy, but part of the basis of success in the past – what we assumed we needed senior managers to do really well – was establish a strategy, a strategy that had foresight and creativity and kind of carved out a niche that was really executable for a company.

Today, I think we look at strategy as much more a vision, a North Star that establishes a direction but allows pivots in kind of these sub-strategies, so we think we should offer certain kinds of solutions in certain kinds of markets. But even as we pursue it, we are totally prepared to recognize that's not quite what our customers are going to find valuable, and we basically pivot on a dime, so the strategy itself is constantly emerging or evolving, and thus getting it right is far less important. Being able to change it as we better understand what might work is what really matters, so in a lot of ways, our strategy and our design are counterparts that allow us to succeed day after day in a fast-changing world.



KENNEALLY: Now, there are a lot of ingrained habits, and your focus is on organizations that have been in existence for some time, and they need to work their way out of those habits. How difficult is that for an organization – and particularly for the leaders of an organization?

ROSS: It is really hard. And I'm not sure all organizations are going to succeed at this. But I think that part of it is recognizing that you have a successful business right now, in most cases. And the good news is this digital piece – as urgent as it feels – one thing we've learned is it actually evolves fairly gradually, so you can continue to do everything you've been doing with your existing business while you start to learn how to succeed as a digital business, so you can start having just very small parts of your organization pursuing digital offerings and learning how you're going to succeed in the future.

Most companies don't wake up in the morning and say, oh, my old business is gone. Even newspapers and bookstores have some warning, and they're still not completely gone, so we're going to evolve gradually to a digital world, even though it feels like things are happening very fast, so my advice to most leaders is don't try to turn your whole company upside-down. Start to gradually introduce more and more digital capabilities, particularly capabilities around listening to your customer, trying new ideas on a very small scale to see if they would work, and then gradually implementing new capabilities and new digital offerings in small parts of the organization. Think like a startup. Don't think scale at the outset. Wait to see what's going to work.

KENNEALLY: And Jeanne Ross, you mentioned listening to the customer. I think that may be a great way to end our discussion about your new book, *Designed for Digital*, which is the emphasis is not on products and services in the digital environment but around solving customer problems. And digital allows you to do that better because of this data gathering we talked about, because it provides you with a database of customer information, customer insights.

ROSS: Absolutely. Most of the executives I've talked with who feel like they are making real progress will tell us that the thing that's changed for them is, as they collect more data and then talk with customers, this is not about sitting in a back room and doing analysis. This is about collecting data, learning about customers and then talking with those customers about what you can do for them. And if you have some key customers or you have massive numbers of customers, you can go out there and start running experiments, either with one key customer or something online that a number of customers will either accept or reject. And you can test ideas. And that's how you'll really learn to understand your customers.



The biggest mistake you can make is assuming you know what your customers want. I appreciate that worked for Steve Jobs. I don't think it's going to work in a digital economy.

KENNEALLY: Jeanne Ross is Principal Research Scientist at the MIT Sloan Center for Information Systems Research and coauthor of the new book out this week from MIT Press, *Designed for Digital*. Jeanne Ross, thanks for joining us on Beyond the Book.

ROSS: Thanks so much for having me, Chris.

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