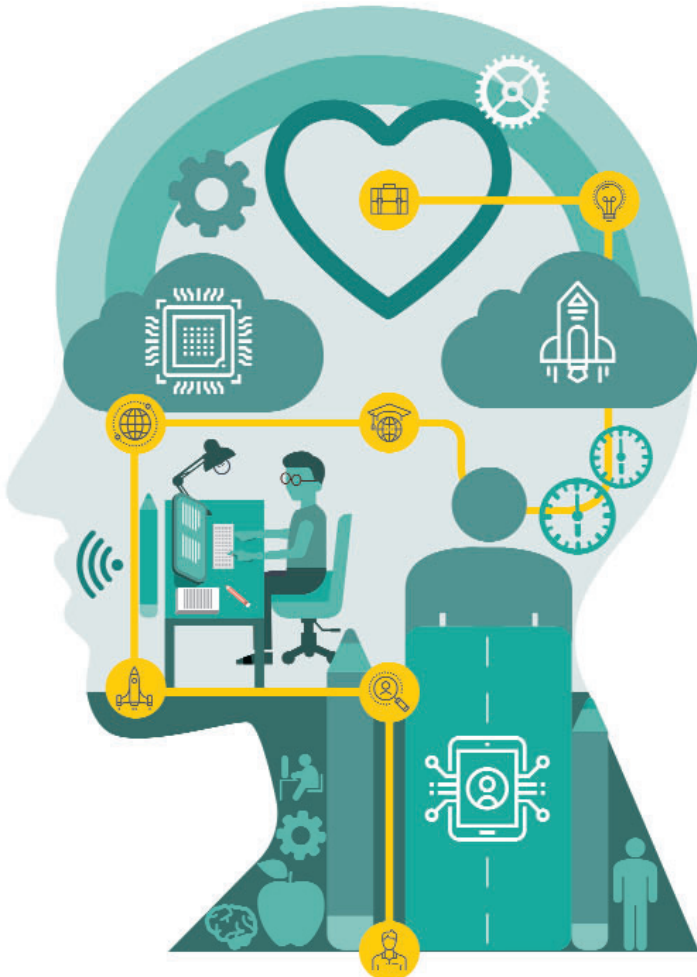


● Rosario Sica

Employee Experience

The Human Side of Organizations
in the Fourth Industrial Revolution



FRANCOANGELI

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Employee Experience

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in the Fourth Industrial Revolution

Foreword by Raoul C.D. Nacamulli

Afterword by Luca Solari

FRANCOANGELI

To my wife Maria. With her smiles and encouragement, she made this book possible.

To Benjamin, my son, the best assistant editor you can dream of.

R.S.

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Preface



The development of digital has rapidly and radically changed the scenario in which companies operate today and will operate in the future. However, human resources continue to be the protagonists as long as they prove capable of communicating and dialoguing not only with each other but also with robots. It is therefore not a paradox to say that in companies in the age of digital transformation, not only investment in technology but also the development of people's intellectual capital are key. In fact, the fundamental challenge that corporate actors must be able to face in the current era is the ability to develop new business models built not only on strategic skills but also on an evolved digital culture. It is for this reason that focusing on cognitive, emotional, social and collaborative intelligence is essential in the age of phygital. This is the term that is used in the volume, written by Rosario Sica, to indicate the reality of the fourth industrial revolution characterised by the strong interweaving of physical and virtual. The image of the fourth industrial revolution was first outlined and then fully explored by Klaus Schwab and evokes the world of science fiction novels of the last century to refer to the current and upcoming centuries. The emerging one is an increasingly interconnected and global reality populated not only by people but also by humanoid robots able to learn thanks to artificial intelligence and by cyborgs that, based on advanced prostheses, can be able to face increasingly complex and difficult challenges. In this field operate native digital enterprises as well as companies that have had an imprinting and have developed in other contexts. Both categories of organisations face major challenges of transformation in different ways. Native digital companies need to stay abreast of renewal by focusing on improvement and continuous innovation. For example, Larry Page's thinking on Google's innovation-driven culture can be summarised as follows: "the 'I do it' principle legitimises and reinforces initiative and

entrepreneurship, informal culture is what allows functional barriers to be broken, the work done in agile and flexible physical and virtual teams enables to be both productive and innovative”¹. On the other hand, non-native digital companies still remain, despite everything, the clear majority. It is them who, if they want to survive and thrive in the new world, must strongly rethink their modes of action to orient them towards digital culture. In this respect, it is important to underline that the change that affects these companies not only concerns technologies but also requires a rethinking of language, social structures and organizational practices. In other words, in these cases the expression digital transformation must be understood in a very broad way because it means not only technological innovation but also and above all the development of new values, skills and organizational processes. Certainly the path of digital transformation is inescapable but it is not easy precisely because it lies at the intersection of technological, social and market systems. In this regard, Davenport and Westerman highlight some key points drawn from the experiences of transition to digital experienced by large multinational companies such as General Electric, Procter & Gamble and Nike². First of all, the work on digital transformation must be conceived by companies as an important strategic investment and not as a lifeline capable of producing short-term economic and financial results. The ability to ride the wave of digital is not something that can be activated in an organization following a philosophy of “plug and play”. Instead, companies should work on planting, cultivating and growing the skills of human resources, adapting technological infrastructures and re-engineering and simplifying business processes. It is then necessary to calibrate investments in digital transformation, taking into account the competitive arena of reference, the strategic profile and the value chain, and to integrate traditional business models with those emerging from the digital transformation. Rosario Sica’s book “Employee Experience” is also based on a vast patrimony of digital transformation interventions carried out by OpenKnowledge in companies of different sectors over several years. These are large companies such as Adidas, Campari, UBI Banca, Unipol and many others. It is precisely on the basis of these concrete cases that the volume illustrates some proven guiding principles of digital transformation processes useful for reading the needs for change and for intervening in a fruitful way in the field. The emphasis of the text is on the centrality, in the current historical context, of the

1. “What would Larry Page do? Leadership lessons from Google’s doyen”, *Fortune*, April, 2011.

2. Davenport T.H., Westerman G., “Why so many high-profile digital transformation fail”, *Harvard Business Review*, March, 2018.

Employee Experience – which represents one of the main levers for building a company’s competitive advantage. In fact, to compete in a volatile and ambiguous world like that of the fourth industrial revolution, it is necessary to focus on an approach from within the organization towards the universe of customers, from the Employee Experience to the Customer Experience. In other words, it is only by investing appropriately and consciously in human resources to develop skills and involvement that it is possible to achieve excellent performance in the marketplace. Among other things, this way of seeing things is linked to the pioneering thinking of Edith Penrose, who argues that the growth of the company in terms of speed and ability to manage change is closely conditioned by the availability of specific skills of human resources; on the other hand, the development of resources cannot occur effectively overnight. As a result, the growth process of companies is constrained precisely by their organisational capacity to develop human resources³. This perspective was later reaffirmed by the resource-advantage theory, which supports the thesis that companies can follow a competitive advantage and high performance over time only if they have distinctive material and immaterial resources. It also specifies that the most valuable resources are the immaterial ones, including human capital that is the result of a company’s unique culture. Therefore, only organisations with unique human capital can outperform competition by having the energy and expertise to act differently. These ideas were then further specified by the theory of dynamic capability, which focuses on the development by companies of the ability to effectively face new challenges of change such as that of digital transformation. Dynamic capabilities consist of “the company’s ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments”⁴. Dynamic skills are based primarily on the ability of employees to learn quickly so that they can build strategic resources, on the ability to make the best use of technology through feedback from users and customers and, furthermore, on being able to transform and reconfigure existing strategic resources to meet new challenges. Therefore, it is not by chance that the concept of Employee Experience has conquered the centre of the scene in the era of the fourth industrial revolution, when companies have to face great challenges of innovation and change. It is not accidental that, as Rosario Sica states, in the current digital age more than ever, “good customer experiences are born within organizations”. In fact, in a world of continuous technological and social

3. Penrose E., *The Theory of the Growth of the Firm*, John Wiley and Sons, 1959.

4. Teece D.J., *Dynamic Capabilities and Strategic Management: Organizing for Innovation and Growth*, Oxford University Press, 2011.

change, relying solely on the culture of “the customer is the king of the market” is no longer enough. In short, to compete in a competitive arena in which what really matters is the identity and the distinctive skills of companies, marketing and logistics alone are no longer sufficient. On the other hand, not even the promise of a memorable offer through an immersive environment, made attractive by a convincing storytelling as postulated by the economy of experience, solves the problem definitively. This is because in our time the basis of an excellent Customer Experience is first of all the capital of engagement and distinctive intelligence of employees, the result of investment and ongoing care by the company. But let’s proceed in an orderly fashion: it can be agreed that in the past only Customer Experience (CX) was at the centre of the stage, meant as the overall experience that customers live through their relationship with the brand. Even today, developing an excellent CX means being able to listen to customers’ voices, designing the experience, developing a CX policy, monitoring performance indicators and gradually reconfiguring the CX where necessary. However, in today’s environment, where complexity and uncertainty are the main factors, in order to be always up to expectations, CX must be nourished with great skill and continuously by the design, cognitive and emotional thinking of the employees. In other words, the distinctive dynamic skills of the company’s human capital are what makes the difference. That’s why, according to a recent research by Gartner, despite the fact that 90% of companies still consider CX as an exclusive priority, the new emerging frontier is the Employee Experience (EX). Rosario Sica’s book embraces the thesis of the great relevance of EX, stating: “good customer experiences must be born from within organizations, through transformative practices that encourage the development of virtuous dynamics between inside and outside. To be able to do this, we need an Employee Journey model that accompanies organisations in the required transformation”. In this perspective, the stages of the Employee Journey, their distinctive features and the related critical challenges are specified. In short, the EX approach is a human resources management approach that is particularly suited to the challenges of the digital transformation era. The EX can be described as the product of the interaction between the employee and the organisation. Therefore, in order to develop an excellent EX, it is necessary for organisations to be able to understand the array of factors that influence the degree of satisfaction and behaviour of employees. The reference is both to tangible factors such as the physical work environment, job characteristics and development opportunities, the compensation system and to intangible factors such as interpersonal relationships, the climate and the corporate culture. To be successful, organizations must design the EX with the same care and investment that they

traditionally put into designing and developing the customer experience. To do this, some special attention is important. First of all, it must be kept in mind that the construction of a good EX must focus on co-creation and co-design. In other words, the quality and degree of participation of the process are just as important as the validity of the result. To activate an excellent EX, free, semi-structured and structured conversations must be developed with the employees, taking into account and highlighting the cognitive, emotional, social and even physical aspects of their experience. On the other hand, the use of data driven decision making processes is another important factor in the development of the EX. In fact, using data means to better understand the motivations behind employee behaviour. A major challenge regarding the EX is the fact that the reference environments for the employee experience are now both physical and virtual. In this respect, it is important that the EX successfully passes through both contexts. In short, in the era of the fourth industrial revolution, in which robots and the wonders of artificial intelligence are at the height of attention, this book places at the centre of the development of companies the co-construction of work experiences (EX) to which must be given the same scrupulous care and degree of investment that companies had traditionally assigned only to the development of customer experiences (CX). It is indeed a promising reversal of perspective for the development of businesses and the quality of working life.

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Introduction



Plant a tree, make a baby, write a book.
Chinese proverb

The origin of the proverb *Plant a tree, make a child, write a book* is not certain. Some attribute it to the poet Federico Garcia Lorca, others to the Chinese folk tradition. To enclose the meaning of life, the realization of oneself in these three actions – seems to me like a beautiful mission. On planting a tree, I have always been fascinated by the story *The Man Who Planted Trees (L'homme qui plantait des arbres)*, also known as *The Story of Elzéard Bouffier*, by Jean Giono. It's the story of a shepherd who, with constant commitment, reforested an arid valley on his own. Planting a tree: it requires care, attention, perseverance, sensitivity. More and more precious qualities in a hasty world where you are no longer willing to give the right and necessary time to make things happen. I've long planted cherries, pomegranates and lemons in my home. Widely rewarded with flowers and fruits.

A son arrived six years ago, my little Benjamin, the magic of life. Every day I learn new things from him; a son brings you back to your family, to the founding values of a society that is increasingly lost and disoriented. A child is magic, it is joy, it is motivation, commitment and amazement, it is the desire to plan a better future, the desire to set a good example, it is love.

Writing a book is responsibility and availability. The desire to share ideas and projects with a wider community; to give voice to a choral work that is not of a single person, but of all the colleagues with whom I work every day; to share the innovation generated and the value of the projects carried out. Stories that make sense to tell for having devised new methodologies and lived successful experiences which are important to share and not keep in a drawer. Writing a book is not to forget, to put order in scattered thoughts, is to go deep, is to face and explore different places to bring and share a new perspective, to express a point of view. To expose

oneself to the end, without fear and without worry, to dare and to get involved. A book is a discovery.

The starting point for this book is the advent of the fourth industrial revolution, a context in which the job market is undergoing an extremely rapid and profound transformation.

The global spread of the Internet and mobile, the development of technologies that transcend the boundaries between the physical, digital and biological spheres, the continuous expansion of the field of action of artificial intelligence and robots, the extraordinary prominence acquired in a short time by platform companies and, finally, the increasing penetration of the blockchain are revolutionizing the economy and society at an unprecedented rate.

In the perspective of employees, as in that of citizens, these phenomena tend to be seen, on the one hand, with a sense of wonder, and on the other with subtle apprehension. Both of these experiences are justified. However, although the transformations underway may create difficulties for some categories of workers (as has always happened in times of strong technological development), it is important to understand that there are also immense opportunities for many others.

This book is intended to show that all the powerful innovations we hear about today – digital dexterity, artificial intelligence, algorithms, robots, blockchain – can become exceptional allies for employees, provided they update their skills and abilities, without fearing the increasingly inevitable and close encounter with the world of machines. The relationship with them, however, is becoming easier every day thanks to the extraordinary progress of conversational technologies: already today chatbots and social-bots are able to hold open dialogues with humans on a variety of topics, and these skills will only increase. In the relationship between humans and machines, everyone has to play their part to the best of their ability, since for a series of tasks machines work much better than we do, and in many other respects humans remain irreplaceable. The winner is the one who embraces the idea that this collaboration is very positive and is destined to be closer and closer.

In this exciting context, the mental and cultural passage that this book suggests is that, from the point of view of optimizing experiences, the boundary between internal and external organizations tends to fall, becomes a pure marketing simplification. This is not only because the various stakeholders – employees, suppliers, customers, citizens – all use the same technologies that pass through the walls of companies, but also because the Employee Experience is the real and new Customer Experience. Or, to say it differently, because good customer experiences are born from inside the organizations.

Among the phrases of Richard Branson, this quote fully expresses the meaning of this book: “Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients”. In a new economy based on transparency, dialogue and collaborative practices, there is no way to provide products, services and experiences that meet the expectations of customers if the organization itself is not able to meet those of its employees.

To this end, organizations must in turn be ready to innovate, along at least five main lines: taking care of and differentiating Employee Journeys appropriately, designing and fine-tuning them along all digital touch points; using data generated by employees to build the data driven company; building relationships based on trust through delegation processes that make the work environment truly participatory; ensuring that the organization is a place of stimulating and continuous learning; and finally leaving room for the ability of employees to become the best storytellers for the company and its brands.

Good results in this direction also depend on providing employees with physical spaces that simplify and improve their quality of life, using all the digital media available for this. Today, more than ever before, the wellbeing of employees is clearly a necessary condition for the success of a company.

This book presents a broad overview of the phenomena mentioned, and of the concrete ways in which all these innovative processes can be implemented in companies; it also offers numerous examples, starting from cases followed directly by OpenKnowledge teams and the Bip Group of which OpenKnowledge became part in 2015.

I am particularly grateful to all my colleagues for the incredible work of innovation we have done together over these years and I am sure that without them this book would not have been possible.

A special thanks to my colleague and friend Laurence Lock Lee, chief scientist and co-founder di Swoop Analytics, who gave a great contribution to this volume drawing from his White Paper titled *Mobilizing Your Organisation with Swoop Analytics: Implementing the “Dual Operating System”*. Paragraphs from 1 to 7 in Chapter 4 were written by him, and perfectly fit the conceptual approach and content framework of my book.

Thanks also to all the friends who have agreed to give their contribution by enriching this book with their conversations in the key steps.

The biggest dedication is to our children and to my little Benjamin, so that they can live in the future in more human, true and colorful organizations... moving towards the blue-green.

Note

As far as the Figures in this volume are concerned, unless otherwise indicated in the source, they are to be considered as produced by OpenKnowledge.

Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!

Lewis Carroll,
Alice in Wonderland

1. What drives the fourth industrial revolution

The world around us is changing, and the speed of that change is overwhelming. In fact, it has not been long since we entered the fourth industrial revolution and this is already changing the way we work, the way we live, and how we interact with other human beings and with things. The scale of transformation, nourished above all by the extraordinary and continuous progress of technology, is unprecedented. The impact on organisations and their employees is crucial, and it will be even more so in the future. Of course, there is no shortage of reasons for considering this phenomenon with concern. But I am convinced that, although not without costs and problematic aspects, this is a fundamentally positive change, capable of generating enormous advantages and opportunities.

The fourth industrial revolution began to be discussed a couple of years ago, when Klaus Schwab, founder and president of the World Economic Forum, published the book with the same title. We know what Schwab's argument is. In his analysis, the first industrial revolution – developing in the period between approximately 1760 and 1840 – exploited water and steam to mechanise production. The second industrial revolution, between the end of the nineteenth century and the beginning of the twentieth, used the power of electricity to power mass production and the assembly line. The third industrial revolution, between the sixties and nineties of the last century, has leveraged electronics, information technology (IT) and the Internet to automate production, profoundly changing the relationship with work through innovative tools such as the personal computer. The fourth industrial revolution, which began at the end of the twentieth century on the basis of the previous digital revolution, is now transforming the job market and society as a whole with an increasingly widespread use of