Co-Creation: A Digital Transformation Adoption Tool

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Highlights

This white paper describes how organizations can use co-creation internally as a tool to achieve a successful digital transformation.

Content overview

Co-creation: The Present 4
Using Co-creation for Internal Transformation 5
Personalize the Employee Experience 5
Activate Employees during Transformation 6
Produce Great Ideas 7
Conclusion 10
Organizations no longer question if they need to undertake a digital transformation journey, but how they can do so successfully. While the payoff of digital transformation remains high, the success rate is relatively low. Out of the 1,000 companies surveyed on digital readiness, only 5% reported they achieved or exceeded expectations during digital transformation efforts. Where does this disconnect stem from? Developing a strategy is only the beginning of digital transformation. Implementing this strategy to effectively take hold within an organization presents the real challenge.¹

IBM uses co-creation as a tool to implement digital transformation initiatives. This well-regarded tool has been widely used to invite customer collaboration into product design. However, co-creation can also be used during transformation efforts to connect leadership with employees and shape change decisions together. This paper outlines two case studies to demonstrate the value of co-creating:

1) Starbucks co-creating with customers via the My Ideas platform
2) IBM co-creating with employees via a web-based discussion forum

Using co-creation as a tool to facilitate digital transformation results in:

— A personalized employee experience and ability to activate the employee population
— Great ideas and key insights to stay competitive in a volatile environment
— Employee buy-in during a period of accelerated change

Co-creation: The Present

Co-creation has been successfully used many times to collaborate with customers to design new products, however can this framework accomplish more? Co-creation’s success can be attributed to its triumph over traditional research techniques. Traditional methods rely on static survey tools, while co-creation engages people in a robust and dynamic discussion. A shared discussion between customers and companies at scale produces valuable insights. This experience is far more immersive for participants and provides a space for creativity to prosper, ideas to grow, and alignment or adoption to be achieved. A successful co-creation exercise is structured by three tenets:

1) Selection participation – Co-creation exercises begin by targeting and identifying the audience most relevant to the discussion

2) Early transparency – Participants are informed of the exercise’s intentions. Throughout the exercise, outcomes are communicated to participants on how they are being used to shape design decisions.

3) Differentiated involvement – While reviewing outcomes, ensure a diverse pool of expertise from a variety of sources. This creates comprehensive and unbiased perspectives.

Through co-creation exercises, organizations are able to reach out to individuals at scale in a structured manner to collect and synthesize feedback on specific topics and co-create a solution. Starbucks demonstrated the benefits to co-creation in their exercise “My Starbucks”.

Case Study: My Starbucks

“My Starbucks” launched in 2008 and engaged customers through a web-based platform. Customers simply created a profile and submitted their ideas for others to comment. What made this exercise more than a suggestion box was the voting, commenting, and collaboration over ideas. Starbucks actively managed this platform and communicated with customers, resulting in increased customer loyalty and greater product diversity. In the first five years the platform operated, customers submitted over 150,000 ideas. 277 ideas were brought to life including Starbucks product staples such as pumpkin spice lattes, cake pops, happy hours, and free birthday treats. The greatest benefit this co-creation exercise brought Starbucks was access to new and potentially valuable ideas. In addition, Starbucks received media attention, free advertising, and a market research tool into their customer demographic. Customers, on the other hand, were able to voice their ideas and influence the direction of their favorite establishment.

Using Co-creation for Internal Transformation

The strong benefits of co-creation have been demonstrated through customer engagements and can also be adapted and used with employees during internal transformations. While soliciting employee input is a widely agreed upon transformation technique, co-creation moves beyond simple engagement and allows leadership to mutually design, shape, and share ownership of the final product, helping employees to feel part of the dialogue. While the concept of soliciting employee feedback in principle is quite simple, the execution can be difficult, particularly at global scale. Management often asks for input too late and underestimates the effort required to conduct feedback sessions to truly influence decision making. Management may try to shortcut this process through town halls and annual surveys. While these techniques produce some results, they ultimately have limited impact on employees embracing change. On the other end of the spectrum, too many participants providing feedback causes opinion overload leading to slow decision-making.

Striking the balance of including the right people, at the right time, and in the right way is challenging. Through the methodology of co-creation, organizations can gather input from across their teams to design, test, and launch innovative programs. Using co-creation to facilitate internal transformation allows organizations to

1) Personalize the Employee Experience
2) Activate Employees during Transformation
3) Produce great ideas

Iterating directly with employees produces stronger business results, a network of change agents, and unparalleled innovation. These three benefits increase transformation strategy adoption within an organization. This user-centric approach produces a diverse set of insights and allows leadership to connect with employees, accomplishing more together than either one is able to alone.

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Personalize the Employee Experience

Co-creation exercises identify how to cultivate a positive employee experience through which organizations are able to better understand their people and achieve stronger business results. By shifting traditional thinking beyond just employee engagement to employee experience, companies will be able to more effectively manage their people and enable them for success. Gartner defines the employee experience as “employees’ perceptions and related feelings caused by the one-off and cumulative effect of interactions with their employer’s customers, leaders, teams, processes, policies, tools, and work environment.”

This holistic approach to workplace culture and employee experience helps companies better understand their people. Through achieving a greater understanding, enterprises will also produce stronger business results. According to MIT research:

“Enterprises with a top-quartile employee experience achieve twice the innovation, double the customer satisfaction, and 25 percent higher profits than organizations with a bottom-quartile employee experience.”

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While these business results are impressive, they are also difficult to achieve. Only 9% of Deloitte’s 2019 Human Capital Survey respondents believed they were ready to address the challenge of improving employee experience.\(^7\) How can organizations tackle employee experience in a strategic manner? The IBM Talent and Change team addressed this question by conducting a thorough interview exercise with Human Resources thought leaders. Through their research, IBM Talent and Change identified personalization as a key practice to improve employee experience. Personalizing the employee experience creates a fit between the needs of the employee and the needs of the organization.\(^8\) This agrees to neither putting the employee nor the organization before the other. Ultimately, productivity will flourish by joining together to achieve goals in tandem. Conducting co-creation exercises uncovers how to personalize the employee experience. A structured exercise between management and employees at scale allows the employee to speak from their perspective and management to incorporate these workforce differences into transformation efforts. One size does not fit all. Once companies have expanded their definition of engagement to include the whole employee experience, they need to identify how to reach employees and create a network of change agents.

### Activate Employees during Transformation

Facilitating a co-creation exercise identifies the most active employees within an organization. A large barrier to implementing strategy within organizations, particularly large ones, is reaching the employees. Employee activation plays an important role in combating the natural formation of change resistant silos to foster an open and transparent culture. Activation refers to the way organizations encourage and communicate with their employees. The first step to employee activation is identifying how to communicate with employees. Once communication channels are established, employers should consistently seek to improve these methods, ensure they are effective, and strive to reach new audiences. The initial goal of activation is to capture employee interest and empower employees to take action in areas outside their direct job function. The ultimate goal enlists employees as organization champions to encourage participation amongst their peers. When employees are active, they become more engaged, more productive, and help establish the business as a trustworthy, authentic brand.\(^9\)

Identifying these individuals can be particularly difficult. The first step in a co-creation exercise is selecting participants. After the exercise completes, management can analyze participation to identify the most active employees and continue utilizing these individuals. These active employees are imperative to the betterment of an organization, as they often also voice the greatest ideas.
Produce Great Ideas

Bain & Company surveyed 1,000 companies on digital readiness and only 5% rated their digital transformations as achieving or exceeding expectations. Innovation is a mandatory component to achieve this 5% success. This study also confirmed the best ideas come from deep within the organization, but their successful execution depends on the ability of top executives to spot them, elevate them, and support them with the right kind of investment. In markets roiled by digital disruption, companies need a fast process for both surfacing great ideas and getting behind the right ones.  

The enterprise benefits from listening to the needs of their employees and providing them with the tools to elevate their voices.

Companies use a variety of tools to innovate, such as crowd sourcing. While this process provides new perspectives, it only considers responses from one direction and does not incorporate the employee. On the other hand, co-creation provides a bridge between the employee and leadership, achieving mutually beneficial results. By engaging in a dialogue, a raw idea can develop into something truly creative. The idea curve demonstrates the relationship between brilliant and absurd ideas over time. The further away from traditional thought, the greater the idea becomes. The collaborative process of co-creation potentializes the creative thinking of employees, relinquishing traditional thought processing and cultivating innovation.

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12 Hermida, Camila Alicia Ortega. (July 31, 2018). ¿Qué significa Co-Creación para la innovación de su empresa? Youngmarketing.co.
Case Study: IBM CSR Digital Transformation

Co-create the Citizenship Experience

IBM has a long legacy as a responsible company, with IBMers at the center of the positive impact we make on society. As we embark upon a digital transformation to scale this impact and activate IBMers around the world, to continue to lead in good tech, we are requesting your input. You are a valued member of our citizenship community, so we are asking you to help shape the future volunteer and donor experience at IBM by sharing your view on the four themes below:

**INSPIRATION**
What inspires you to volunteer your time, skills, and expertise?

**COMMUNICATION**
How do you want to stay connected with citizenship opportunities, events, news, and programs?

**OPPORTUNITY**
How do you like to volunteer and/or donate?

**EMPOWERMENT**
How can IBM help you feel more empowered in making a social impact?

In accordance with the elements of co-creation, the team first identified the right audience. They targeted previous participants of CSR programs from all levels of interaction -- from those who volunteered over 500+ hours a year to employees only on the CSR mailing list. This narrowed audience provided direct feedback on how CSR can be improved at IBM based on their experiences. When entering the platform, IBMers were greeted with a video message from leadership explaining the purpose of the exercise – demonstrating the second element of co-creation: early transparency. Over the next month, employees and CSR leadership engaged in meaningful discussion to understand employee CSR experiences and how they would like to grow these experiences. This exercise allowed space for honest conversations about CSR programs, leading to more informed decisions and whether to create, reinvent, or phase out programs. By connecting with employees, leadership is able to anticipate employee reaction and steer towards a more positive response. The forum still remains open as a testament to the continued focus on co-creation, however the team completed an initial analysis to understand the themes and trends that have emerged.

The exercise resulted in an overwhelmingly positive response from IBMers. In the comments section of the platform, employees left numerous comments thanking the CSR team for giving IBMers the chance to be heard.

To develop the implementation roadmap for their new digital transformation strategy, the IBM Corporate Social Responsibility (CSR) team conducted a co-creation exercise. This exercise positioned the transformation roadmap around employee priorities and activated employees to contribute to IBM’s CSR digital transformation. During this co-creation exercise, IBM’s CSR group collaborated with IBM employees (IBMers) via an open digital platform to design new CSR initiatives effectively. Going beyond a simple engagement survey, the IBM CSR team targeted employees with discussion formatted questions to help shape the redesign of CSR at IBM. The objective of this exercise was to gain buy in during a period of significant change, improve the employee experience through more personalized programs, and identify change agents to roll out the strategic vision.

“Grateful for the opportunity to give back to the community and be more every day!”

— MHAY ANN A. BANIQUED, IBMer from the Philippines

“I’m looking forward to this. This is a great idea and a worthwhile investment of time.”

— PATRICIA RUBINO, IBMer from New Jersey, US
The responses covered a diverse population, with representation from over 60 countries and 50 business units. 50% of responses came from outside of North America, where IBM headquarters is located. This wide-reaching participation equips management with specific insights as they implement the CSR strategy in their regions and seek to improve the employee CSR experience. For instance, 81% of all participants feel impact is greater for in-person volunteer efforts compared to virtual events. When narrowing the participant demographic to a highly remote business unit, 90% seek in-person volunteer efforts. This implies remote workers are more interested in face to face volunteer efforts because of their virtual working environment.

The co-creation exercise also provided a means to activate employees. The CSR team is piloting a change champion program to identify employees willing to advocate for the recent digital transformation, encourage their colleagues to partake, and spread awareness about revised CSR programs. The CSR team sought a mix of champions with and without IBM CSR program experience. 80% of the change champions with CSR experience were identified by the CSR team through their participation in the co-creation exercise. These change champions further activate and engage other employees.

Overall, this co-creation exercise identified employee areas of interest and insights at scale allowing leadership to engage with employees and incorporate their feedback into the redesign of CSR programs. The benefits addressed previously from the exercise are only the beginning. Insights derived from co-creation can also be used to inform future programs and design experiences. As the co-creation exercise remains open, and the CSR team continues to incorporate co-creation into other areas, the value realized from this and future collaboration will continue to grow.
Conclusion

While co-creation provides strong insight initially, over time exercises grow even more valuable. The exercise coordinating team is always able to go back to the data and participants. Each iteration brings a more refined approach to conducting co-creation. After incorporating feedback into programs, the next exercise begins with stronger questions and better insights. Finally, each iteration identifies a clearer set of employee participants, builds buy-in, and increases activism.

The Value of Co-creation over Time

After organizations develop a transformation strategy, they are able to implement and achieve adoption through co-creation. Leadership and employees creating together in an iterative fashion can design strategic initiatives with shared ownership. The key benefits to co-creation are:

— A personalized employee experience and ability to activate the employee population

— Great ideas and key insights to stay competitive in a volatile environment

— Employee buy-in during a period of accelerated change

Through co-creation, companies are able to digitally transform successfully. Co-creation has proven its value to customer relationships, employee relationships, and transformation efforts. How can co-creation help transform your organization?

Our Executive Sponsor is Guillermo Miranda, Vice President & Global Head, IBM Corporate Social Responsibility

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