



**BUSINESS
AT THE
INTERSECTION
OF CULTURE
AND DIGITAL
TRANSFORMATION**

An Interview Series // July 2017

VOL. I

THANK YOU FOR DOWNLOADING THIS EBOOK.

I hope you enjoy reading it as much as I enjoyed interviewing the marketing and business leaders you'll find inside.

┌ The world's most iconic brand.

┌ A foundation with a bold and important mission.

┌ A fashion and beauty organization with an unparalleled passion for entrepreneurship.

┌ A business globally recognized and revered for its culture.

┌ And a 145 year old financial services organization that was able to transform to a market leading upstart.



Their stories are as different as they are similar.

All recognized the critical need to transform their operations to meet the digital realities of today's market. Equally, all were abundantly aware of the impact their corporate culture would have on the success – or failure – of that transformation.

These interviews started as a passion project. Like you, I saw a proliferation of articles talking about Digital Transformation. How vital change and transformation were in building an organization that could thrive and prosper. Yet, I saw too few articles talking about the reality that truly changing an organization meant transforming people not just pixels.

I set out to interview leaders actually doing this, not just talking about it. I wanted to understand their realities and to understand what they had learnt on their journeys. Not surprisingly, I learnt that every journey – like every culture – is unique. But I also learnt some valuable lessons along the way.

I hope these interviews give you some fodder and perspective for the journey you and your organization is on. I wish you God Speed.

Finally, I wanted to thank Lisa, Mark, Michael, David and Stephane for their time, their candour and their insight. You guys rock.

Hilton Barbour
Toronto, July 2017

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The Power of Connections at Starbucks Canada.

Starbucks is, without question, one of the most admired and coveted organizations' on the planet. Much has been written about its iconic founder Howard Schultz, its incredible history of social activism and community involvement, its award-winning culture and, of course, its remarkable stores and coffee.

Canada is actually the location of the first international Starbucks location outside of Seattle and, since 1987 when that very first Vancouver store opened, the Canadian operation has grown significantly. Today it operates over 1,400 stores and employs over 19,000 employees from head office to the famous green-aproned baristas. It has also garnered numerous Canadian awards for Social Responsibility, Corporate Governance and, not surprisingly, Most Admired Cultures. I had the privilege of sitting down with Lisa Mazurkewich, Director of Marketing and Digital Experience at Starbucks Canada to talk to her about Digital Transformation at the organization and what its like to work within a globally-admired Culture.

HB: *Lisa, a real delight to chat with you. Your title suggests you have a dream job at Starbucks. Tell us a little bit about you, your background and your current role.*

LM: (laughs) It absolutely is. I've been at the organization about six months coming from a history of CPG, Retail and Beverages companies. I jokingly say I've got to trade cocktails for coffee but my role at Starbucks is the perfect meld of my previous assignments. My role spans marketing communications, our digital experiences and, critically assisting our partners at the store level. At Starbucks we are totally committed to being the best moment in every customer's day. It's a perfect environment for a marketer to play. I am very lucky.



HB: *That sentiment of “being the best moment” absolutely rings true when I think of the barista experience and your store environment, talk to me about how Digital plays into delivering that at Starbucks?*

LM: It is absolutely a pivotal part and digital goes much further than just delivering on moments. It goes back to one of our core values of human connection and putting our customers at the centre of everything we do. Whether that means allowing customers to personalize their orders, to review new menu items through our app, or giving them the ability to pre-order and skip the line when they’re in a hurry. And, of course, the ability to deliver customized offers based on their preferences. Interestingly, we’ve even seen how digital can free up our barista’s time which means they can make more of those great human connections that are so much a part of visiting our stores. Digital allows us to do all those things amazingly well.



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HB: *Global initiatives, like an integrated mobile app, can sometimes be difficult to modify for local markets because there’s a desire for consistency and efficiency in the technology. How does Starbucks balance that tension in their digital efforts?*

LM: There is definitely a balance to be found (between global and local). The benefit of being so well connected with the global team, the team responsible for our amazing mobile app as well as our mobile payments, partnerships and innovation, is that we have an opportunity to participate early, and often, as ideas are being discussed and formulated. Pragmatically that means Starbucks Canada really has the latitude to either adopt, adapt or even create local initiatives that we believe will have a distinct impact.

Most recently our small and mighty Canadian team launched the “Starbucks Road Trip” Game to celebrate Canada150. It was the perfect opportunity to launch something uniquely Canadian within our mobile app and it was done with the full support of the global team. That’s just the most recent example of finding that balance.

HB: *How do you make the decision on what becomes digitally-enabled in your operations or in how you service your customers?*

LM: It is perhaps a little easier making those decisions at Starbucks because everything we do goes right back to our mission and values. That genuinely is how we evaluate the ideas that bubble up across the company.

I didn’t quite appreciate how central our Mission is to the entire organization until I joined, but it really is. It is embedded in our structure, in our DNA. It absolutely guides how we make decisions.

That Mission – To Inspire And Nurture The Human Spirit, One Cup, One Person, One Neighbourhood At A Time – is best exemplified by the connection between our Partners and our Customers. Everything has to respect that filter, so determining what to make digital – or not – becomes easier. How will this impact our Customer? How will it impact our Partner? How will it impact the Connection between them? Ultimately, being very clear on those simple questions meant we didn't fall for the desire to add all sorts of bright shiny objects to our (digital) experience.

HB: *Ahhh, Mission. I was wondering when we were going to discuss that. Does it really drive how Starbucks, here and in the US, manages the business?*

LM: Absolutely. I'm relatively new to Starbucks but it is been fascinating and inspiring to see it first-hand.

What I think many people sometimes forget is that Starbucks is a very entrepreneurial, results-oriented business. Look at our values and you'll see that one of them is explicitly about driving business results – “Delivering our very best in all we do, holding ourselves accountable for results.” – but equally, one of our values states; “Crating a culture of warmth and belonging where everyone is welcome”. The two are truly balanced when we say “We are performance driven, through the lens of humanity.” It makes for a very powerful motivator internally.

Our leaders, from Howard to our new CEO Kevin Johnson and our Canadian President Rossann Williams, all do an incredible job of reminding all of us that driving profit in our business is delivering on our Purpose. You can't separate them.

Being successful is what allows us to support our partners and to support our communities. We honour our commitments to provide youth with life skills and job training, dedicating 10% of all our jobs to opportunity youth. We have commitments to hire refugees and veterans, to pay our growers a fair and equitable price for our amazing coffee. And it benefits all Starbucks employees too through the “bean stock” and leading benefits we all receive.

Our Mission isn't just a feel-good exercise, its central to what drives all of us here.

HB: *I get the connection between results and Mission but the entrepreneurial angle surprises me. Talk to me about this entrepreneurial part.*

LM: I actually see this notion of entrepreneurship and ownership frequently, particularly in how our local Operators have embraced the move to digital here in Canada. We constantly have Operators running their own digital tests and trials at the store level, trying new elements and feeding ideas back to us. That's where our entrepreneurship really comes to life.

Across the entire organization there is such recognition that our Operators, our Partners and our Stores are where we win and that goes back to the very start of the company. When Starbucks first started, Howard Schultz and his executive team would literally meet with store-owners at the end of every day to discuss how to improve the business. That desire to learn – and that deep connection to the store – has always fuelled the entrepreneurial edge we have. It is why we have such a capacity to try new things, to keep pushing for how we can be better. Again, as a new employee, it's been a real eye-opener to see it up close.

HB: *Connection is one word I've heard repeatedly through this interview. Is that the real Starbucks secret?*

LM: (Laughs) Funny you should say that, we often say we are in the people business serving coffee. At the store level the connection between the partner and the customer is absolutely central to our reason for being. And our success. But that commitment to connection happens at every level of the company. There is a tremendous emphasis on

working collaboratively across the organization and making connections with all parts of the company. It really is how things get done here. Quite simply, Starbucks culture of human connection really makes our company a very special place to work. Connectivity and building those relationships with your colleagues is definitely integral to how we work and succeed. Ultimately we believe that we win together.





The Coca-Cola Canada Story.

The Coca-Cola Company is undeniably one of the most iconic businesses in the world. Approaching its 131st Anniversary in May, Coca-Cola is available in 194 of the 196 countries in the world, making it the most universal soda beverage on the planet.

Renowned for its marketing prowess and its relentless focus on delivering brilliant experiences for their consumers, I was fortunate to sit down with Coca-Cola Canada's VP of Integrated Marketing Communications, David Allard, to discuss how Digital Transformation and Culture intersect within the Coca-Cola Canada organization.

HB: Give us some context for your role and responsibility here?

DA: When I joined Coca-Cola Canada nine months ago, my initial role was to lead Marketing Services, including driving the digital marketing agenda for the company. Since then, as we looked at the Marketing organization, my role has morphed. We always have to be looking to the future, and what that means for structure, capabilities and how we work with our bottler partners, our customers like WalMart, Loblaws and McDonalds and, ultimately, our consumers. The scope is extensive.

HB: Digital Transformation has almost become a cliché for any project that has a digital component to it. How do you define it here at Coca-Cola Canada?

DA: Too often “Digital Transformation” can be decoded internally as unlocking marketing opportunity. And when you’re responsible for delivering meaningful and relevant experiences to your consumers, Marketing is definitely the first stop on the bus. The larger opportunity of Digital Transformation is how we look at solving problems for our customers and our consumers. In real terms, that means looking at historically siloed aspects of the



business and working in a truly collaborative fashion to break those down. Silos that may have formerly existed between IT, Key Account Teams, Operations etc. So while there's nothing wrong with starting with Marketing and working back into the organization, it doesn't always have to be an organizational-wide initiative to gain traction.

HB: *Collaborating locally, and even globally, with the labyrinth of customers you have must make for an interesting level of collaboration. Talk to me about that dynamic.*

DA: It certainly is. Particularly on two fronts. One is looking at how Digital helps us add value to our customer relationships with the WalMarts and so on. Their digital teams are also aggressively looking at how they execute their own digital transformation so there's an immediate opportunity for shared value right there. Two is how together we add value for our consumers. Delivering those meaningful consumer experiences together.

HB: *You're a successful 130 year old organization. Is this a Culture that embraces the speed of change*

Digital Transformation is creating or are there elements culturally that are more methodical about change?

DA: To exist for that long and for our brands to have the stature that they do, change is part of our DNA. But it is more about agility. What has become very apparent globally is our increased emphasis on becoming a learning organization. We have a core value of "acting like an owner" which is easy to see as words on a page. But we're reinterpreting that value, particularly as it relates to how we look at failure and, importantly, how we look at failure as a way to learn faster. For example in some of our briefing processes we've deliberately added more inputs for organization-wide learning, rather than just the traditional marketing research and tracking metrics, as a way to capture and share those lessons and failures more quickly. That's a new behavior.

HB: *Cultural change like the kind you reference needs buy-in, endorsement, executive sponsorship to actually occur successfully. Talk to me about that sponsorship here at Coca-Cola Canada?*



The most visible endorsement of this culture change is actually in the area of talent. There's a deep understanding from our executives that if we want to be different tomorrow then we need to hire differently than we have in the past. And that we need to align the entire organization to the fact that the talent required for the marketing team of the future is very very different. Interestingly, because the templates don't exist for these types of roles, one of the greatest learnings for me has been the conversations across the company to try and define what is that resource, that new skill set, that different type of individual we want. Is it an IT person or a brand manager? Well actually its both - in one person.

DA: At a global level, watching the hiring of David Godsman as Chief Digital Marketing Officer for the entire global organization shows that this talent recognition starts at the very top of Coca-Cola. We see it here in Canada too. It really feels like we're very linked up in how we're seeing the talent needs for the future.



HB: So how are you spreading that new way of thinking and acting across the organization here in Canada?

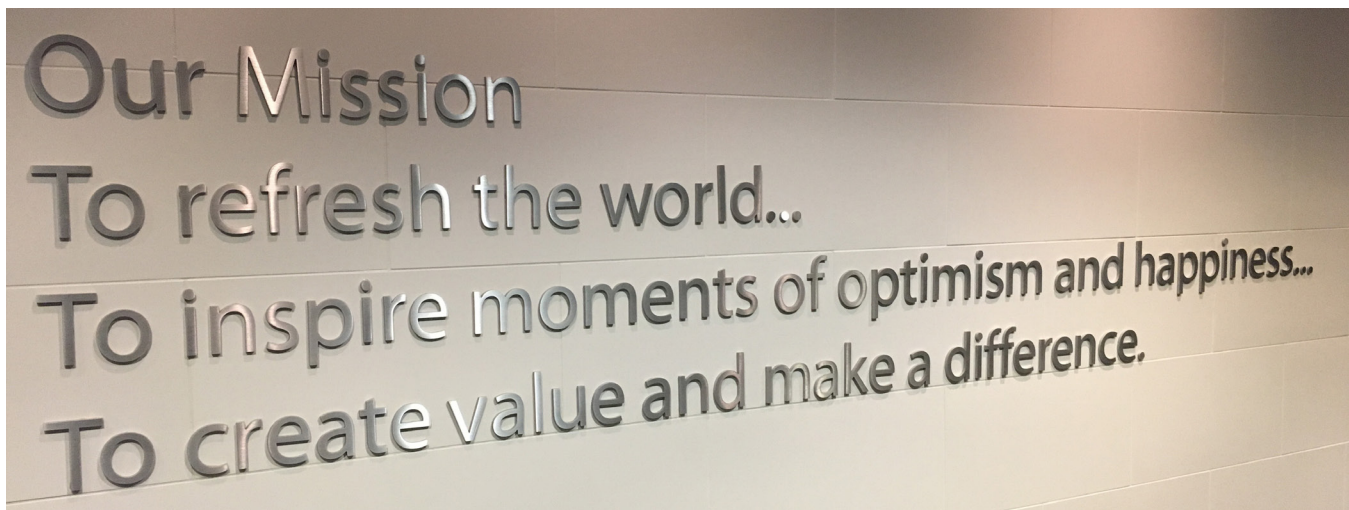
DA: I think it starts with a tension that I believe is uniquely Coca-Cola Canada. That tension between the stature of our brands and the authenticity in our Culture. Culturally that authenticity means genuinely empowering our people to do the best work of their lives but also recognizing that diversity is an active part of how we work together and solve problems together. So the tension between our aspirations and our culture is where the greatest opportunity sits. It is also going to, ideally, be the greatest enabler of our success.

The other gift we have at Coca-Cola Canada is this incredible global system we can go out to and see what's worked in other markets and how they've tackled these changes. Which means that, like our packaging, we may be 90% globally dictated but it's the 10% local fingerprint that gives us the agility we need.

HB: Talk to me about how you see the values of Coca-Cola Canada being redefined or reimaged to fit this digitally-transformed organization you're creating here.

Our values of Collaboration, Acting like an Owner, Inspiring Others have gotten to where we are today. So it's not about changing those values per se but how each of us individually interpret those values, that will make the difference for the future.

DA: Here's an example. We recently had a meeting with the head of our North American bottling partners and he talked about pushing the boundaries and asking for forgiveness. His mandate to his people at the bottler was remarkably similar to our IMC idea of learning from failures. That's when you know the



values are genuinely pervasive and intrinsic across Coca-Cola. As a leader I find that inspiring.

HB: *As a leader, a culture carrier, what do you see is your role to “walk the talk”? What are you doing to manifest these new behaviours?*

DA: Listening “more actively” is the most important behavior for me personally. The other is this idea of acting like an owner; holding myself accountable to be more rigorous in questioning why we do certain things. Being courageous in those moments instead of falling back on process or trying to overly-align everything. If we really aspire to these meaningful experiences for our consumers and customers, then we can’t be afraid to ask questions and challenge the status quo.

More broadly in Canada, we’re moving to a place where we embrace and reward those who take chances and try things that have never been done. They may not all be successes but it’s about reinforcing a learning mentality so our people are not afraid to try new things and “act like an owner”.

HB: *Have you had any epiphanies as you’ve gone through this Transformation here?*

DA: Actually mine was going through the recruiting process for our new IMC (Integrated Marketing Communications) team. In talking to candidates it was this Eureka moment about balancing the stature of our brands yet instilling this recognition that we at Coca-Cola Canada don’t have all the answers and having the humility and modesty to accept the “not knowing” part. It’s a unique tension but an important one if we’re going to continue to grow as an organization. In particular, that modesty is something I think we should celebrate more because it is quite unique.

HB: *What advice would you give your peers going through a similar situation?*

DA: Listen, listen, listen is the first part. The other, as marketers, is to remember to use the company values as guidance, not handcuffs, to how we act and make decisions. Lastly, and this is particularly a Canadian reality, is to foster an intimate marketing community – I mean we all know each other already – where we can legitimately share and learn from each other. We’re all going through similar challenges, as CPG marketers or customers, so fostering a sharing mentality would be fantastic.





The Beauty of Entrepreneurial Spirit at L'Oréal Canada.

The L'Oréal Group is a global beauty giant spanning many of the best known and most beloved beauty brands on the planet. A veritable "who's who" known to consumers and professionals worldwide, the L'Oréal Group includes brands like L'Oréal Paris, Vichy Laboratories, Maybelline New York, Garnier, Lancôme and Yves SaintLaurent.

Recognized for their deep history of scientific research and innovation as well as a rich history of memorable marketing and advertising – "Because We're Worth It" is one of the most enduring advertising slogans globally – The L'Oréal Group have been operating in Canada for over 59 years and employ over 1,300 Canadians.

I caught up with L'Oréal Canada's Chief Marketing Officer Stéphane Bérubé in their beautiful downtown Montreal offices to discuss how a 108-year-old organization is able to remain relevant in today's hyper-competitive market.

HB: *Stéphane, Thank you for taking the time to chat today. As CMO for over 39 world famous brands, can you talk about your mandate here at L'Oréal Canada and how digital is transforming your organization?*

SB: Sure. Firstly let me set the record straight. I firmly believe that there is no separation between a digital and a traditional business – there's just operating a business in a digital age. Which is what we're doing here at L'Oréal Canada. I've been at L'Oréal in various roles for 15 years, including GM of the L'Oréal Paris business, so I've seen this organization transform before. Today our transformation is about accelerating the digital ability across the company at every part of our operations.



HB: *Can you be more specific about what Digital Transformation means at L'Oréal Canada?*

SB: Specifically, we have three key Canadian objectives that can only be reached if we've built strong digital capabilities in everything we do.

Drive 20% of our sales online. This is about building a great ecommerce capability and doing that in conjunction with our retail partners across the country. L'Oréal Canada enjoys a great relationship with longtime partners like Jean Coutu, London Drug, Shoppers Drug Mart who bring an expertise and a scale we'd never hope to replicate. Our online efforts are about bringing our knowledge and our unique expertise in beauty care to the plate so we can accelerate the growth of the category together.

Gather rich data on 50% of our Canadian customers. We're driven to build meaningful data on our customers to create an appropriately personalized relationship with them. More than just buying habits and transactional data, this means elements like skin type or preferred hair colouring system. This isn't just about building marketing programs but also learning from our customers so we can better build new products and innovations.

Lastly, we want to create 100% LOVE for our brands and products. This objective has been about switching our thinking from a traditional investment in creating awareness to building real, genuine engagement with our customers.

None of these are possible unless our digital skills and abilities are world-class.

HB: *Those are very aggressive goals. How has the organization had to change to deliver on this?*

SB: It starts with a very deliberate "up-skilling" of our internal skills and expertise. We wanted to ensure we had the right skills internally and were building the right expertise amongst our staff. That has meant

both hiring experts in social media, CRM, E-Commerce and, increasingly, Data specialists but just as important an increased emphasis on training too.

L'Oréal Canada's digital training starts from the very top of our organization and goes across all our functional teams from Sales, Operations, Logistics and, of course, Marketing. This isn't just in Canada but its a global commitment starting from our executive leadership team.

Every aspect of our organization has a robust training program to make sure we're current in all things digital. With the speed that digital changes in terms of technical details and complexity, this training is absolutely critical.

Beyond hiring and training our people, we've also built new in-house capabilities as well. We now operate our own content factory to support our social media efforts. We've also built our own trading desk as well to ensure we could control our performance marketing investments.



HB: *I'm hearing an amazing global commitment to being a digital first organization and certainly no shortage of investment in skills and capabilities. Has that investment paid off in Canada yet or is the return still to come?*

SB: Absolutely there have been several wins for us. Our L'Oréal Paris "Genius App" has been a runaway success allowing customers to "virtually" try out various L'Oréal products before buying them. We're very proud of that.

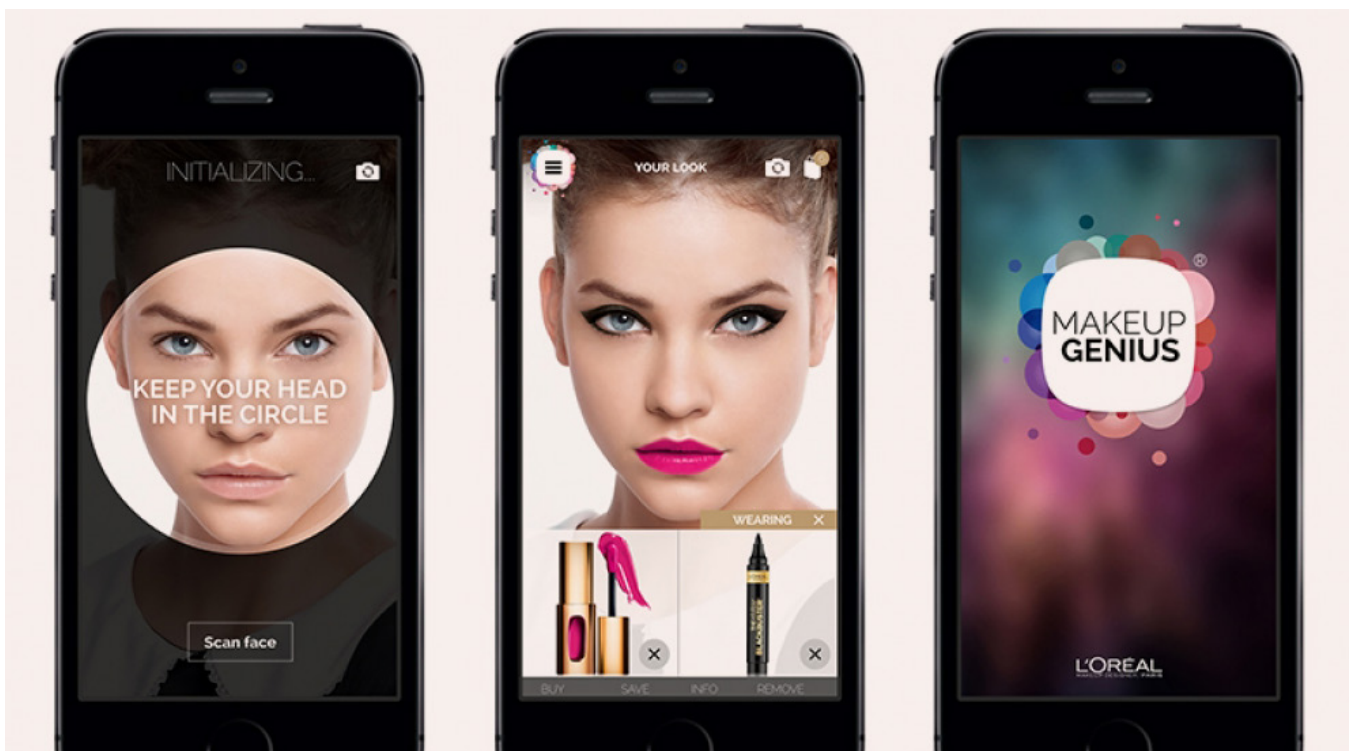
Our La Roche-Posay brand has created a UV patch for parents to put on their kids before they go and play in the sun or at the beach. It is actually a piece of connected hardware that tells parents when they need to re-apply sunscreen which is super simple but very very useful for parents.

And we've actually had a bit of a Canadian coup with the recent Facebook F8 launch. On the same day as F8 launched, L'Oréal Canada released a bot that allows people to send L'Oréal gifts to their friends using Facebook Messenger. We were overjoyed to be seen as a pioneering brand by Facebook who went so far as to feature us on the day that F8 launched. This was fantastic recognition but it was the fact that the idea moved so quickly from ideation to launch that I was most proud of.

In four short months, the Canadian team, working with our partners Automat Technologies here in Montréal, conceived this idea, created it and then launched it. That was a great example of our way to move at the speed of digital.

HB: *These are excellent product examples. How else has Digital transformed your efforts at L'Oréal Canada?*

SB: In our Marketing efforts we used to equate our advertising or media investment with the health of our brands. While we still spend a considerable amount in media with some of our larger brands, some of our Professional brands like NYX are mostly driven by UGC content and the use of Influencers today. For L'Oréal to participate and remain topical and relevant to our new customers, we've had to embrace the power of "how to" videos on YouTube or inspirational images on Instagram as new channels and tactics. These are just other examples of how digital has changed how we advertise or go-to-market today.





HB: *Digital consultancy L2 regularly commends L'Oréal for being a Digital leader but that takes more than hiring and training. What do you believe has allowed a global company that's over 100 years old to embrace Digital like L'Oréal has?*

SB: (Laughs) You're right that it has taken a lot more than hiring and training to get us this far. We recognize that we still have further to go but we're proud of how much progress we've been able to get in this digital transformation so far. An important part of our success actually goes back all the way to our founders. That is this notion of entrepreneurship and entrepreneurial spirit that really started the company in 1909. From the very beginning our founder Eugene Schueller was relentless in his research and innovation in beauty, hair and fashion but he was equally entrepreneurial in opening up new markets to L'Oréal products. For example L'Oréal products were already selling in the US and Canada a decade after the company started. That kind of international expansion was almost unheard of in 1920. He was a true entrepreneur and, as a fifteen year veteran of this company, I can say that entrepreneurial spirit is very much alive in our DNA and in our culture today.

We've always just placed more emphasis on our People than our Process here at L'Oréal and that's why values like Passion, Innovation and Open-Mindedness are so important to us, and our success. We actually see our business as an adventure - we even have adventure written in our values - and so we want our people to have the autonomy and the desire to keep pushing the envelope.

These values - which really came from our founder - have created a very unique managerial style. In some ways we really do think of ourselves like a start-up that's always pushing forward. We're just a 108 year old start-up.

HB: *Lots of company's talk about acting like a start-up. How is L'Oréal Canada able to do it when so many others aren't?*

SB: Some of it comes down to your history which you can't invent or make up. We're fortunate our founder was an inventor so the idea of "test and learn" was not a new behaviour at L'Oréal. If anything, it was here from the very beginning. But we have definitely had to revisit some of these values and behaviours as the company became bigger and

more successful. It isn't just about "test and learn" but about being comfortable with failing too. Luckily our organization is about rewarding employees for trying and failing versus not trying and playing it safe. That definitely attracts – and keeps – a certain type of person here at L'Oréal.

But we certainly aren't perfect.

In fact, the idea of Perfection is one that we've struggled with over the years, partially because of the category we operate in and the products we produce. This desire for Perfection meant that we weren't always comfortable launching something that was anything less than brilliant. We'd review, analyze, debate, reflect and so on. Well that kind of behaviour can't exist in a digital world. We were losing opportunities and moving way too slow. Now, that doesn't mean that we don't still strive for Perfection but we've definitely gotten way better at moving faster, at getting products to market quicker, like our Messenger bot for example. It doesn't need to be Perfect when it launches. That's what our test and learn is for, to keep making it better and to do it faster.

The other part, which has surprised me I'll be honest, is a genuine capacity by L'Oréal employees to willingly change themselves. The truth is, company's don't, or can't, transform unless the employees inside the company are willing to transform themselves first. And that's something that I've seen happen all the way down from our CEO to our newest recruits. The way everyone embraced this transformation was incredible and we did this when the company was successful. What was even more amazing that we didn't wait to transform, we did it when we were growing market share, were cash rich and our stock was almost at a record high. Few companies elect to transform when everything's going well. That's another aspect of the L'Oréal culture that makes me very proud.

HB: *That is incredible. You're right most organization's wait for a crisis or a decline to spur a change. L'Oréal made the change when everything was going well. Amazing. So what advice do you have for your fellow CMO's who are staring down the barrel of a Digital Transformation?*

SB: For me I hate giving advice because there really isn't one recipe that fits every organization or company. Perhaps I'm fortunate that our company has always been comfortable with reinvention. That made it easier to align our people to a transformation than it probably would be at other companies. Here's what I would say. You have to find something in your history, in your roots, that has made your company successful. A strength that is yours but that can be reinvented for a digital age. We're still L'Oréal but we were able to use our strength of entrepreneurial spirit to change ourselves. You have to find something appropriate in your organization that will let you change.

The other piece of advice I would give "Don't Wait". There will never be a better time to start your transformation than right now.

The market is not going to get less competitive and complexities in this area are only going to increase. Start now. Don't wait.



SickKids



Impossible

On the Frontlines with SickKids Foundation.

Toronto's Hospital for Sick Children is globally renowned as one of the most remarkable pediatric facilities in the world. To ensure that the hospital is able to continue to provide its incredible care and research efforts means a transformational approach to how SickKids positions and talks about the brand, and how donors and employees experience the brand . Those activities are driven through the efforts of almost 200 employees at SickKids Foundation.

I met with Mark Jordan, Director, Digital Projects on the Brand Strategy & Communications team at SickKids Foundation to discuss how they're becoming more digitally adept and how has the organization has built an enviable culture in the charity and not-for-profit sector.

HB: Mark, what exactly is your role and responsibility here at SickKids Foundation?

MJ: As part of the Brand Strategy & Communications team, I am responsible for leading enterprise-wide projects that predominantly involve marketing of the SickKids brand. As succinctly put as possible,

our broader Brand Strategy team's role is to elevate the SickKids brand, the propensity to donate, and the likelihood to spread the word through the experiences and content we create, and the engagement we are able to achieve as a result. Our team also supports all of the fundraising teams at the Foundation as their marketing 'engine'.

When I started here 5 years ago, I was responsible for shaping and leading the first of three waves of deepening and improving our digital capabilities. The first wave involved a vision and a strategy for the digital experiences and places we had already built a presence and engagement in (Facebook, Twitter, LinkedIn, YouTube, our website). The second wave involved deepening the sophistication and maturity of our efforts as well as the experiences and content we were creating, and rolling out things like





social listening tools and rationalizing our setup and what we were measuring in tools like Google Analytics.

We are now poised to start building on 12 core digital capabilities we believe will underpin the entire organization moving forward. Those capabilities range from donor facing (e-commerce for example) to internal workplace sharing and collaboration. Overall, we've got a strategic direction that will focus our efforts over the coming years, and that perhaps most importantly has buy-in and ownership across the organization.

HB: *What does “digital transformation” really mean within the context of your business?*

MJ: First and foremost, it is about setting the benchmark for what we mean by ‘transform’. That starts with a donor-centric view. It’s about recognizing that our donor expectations don’t exist in a vacuum just because we’re a charity. That means that we can’t be benchmarking ourselves solely against the other amazing charities in Canada or around the world for that matter. If we implement a commerce experience, our donors compare that to Amazon. If we create a donor services experience, our donors might compare that to the experience they have with WestJet. The bar that we set for ourselves is the same bar that other organizations outside of the non-for profit space are looking to exceed.

Overall, we are transforming the brand from a charity brand to a performance brand, like a Nike or an Adidas.

That transformation needs to be reflected in all the experiences a donor or prospective donor, employee or partner might have with us.

The opportunity becomes delivering that ambition within the natural constraints of our own business. When we transform it has to be with a very clear and unambiguous objective and a goal that drives the transformation.

HB: *What objective has been set by SickKids Foundation? How is this driving your organization?*

MJ: We are about to embark on the most ambitious fundraising campaign in the history of SickKids, and indeed in the history of healthcare in Canada. In order to propel SickKids to be at the forefront of the transformation of paediatric healthcare delivery, we are looking to raise an unprecedented amount in donations over the next five years. An ambitious goal to be sure. SickKids has a track record of winning, and we know that we’re up for the challenge.

What does that mean in real terms each and every day?

It means a concerted effort on each of our core pillars that underpin our digital vision: Experience, Culture and Tools. Experience refers to the efforts that envelop our donors and we have to constantly be looking to raise the bar on ensuring we earn their donation by delivering incredible experiences. Culture is how we enable our employees to ‘walk the talk’ in all areas and functions to help deliver those experiences. Tools is the technology layer that enables the experiences we create, through things like intelligent manipulation of data, internal collaboration tools, and integration of donor experiences.



As you can appreciate we operate a very lean operation so we have to maximize every single point.

HB: *Can you talk about some of changes and what you're actively working on?*

Everything communicates - SickKids have even emblazoned the new values on the cutlery in their staff kitchen. Ingenious reminder and reinforcement.

MJ: We're very fortunate that our sector naturally attracts very passionate employees and equally passionate donors. Unlike perhaps our colleagues in the private sector, we strike a deep cord with both and that's definitely an advantage. As such, we regularly score very well in the area of Donor Experience and the way we engage and nurture our donors. We literally couldn't exist without them so that's something we never take for granted. Scoring well in this area is wonderful but the challenge is to never become complacent. Back to my earlier comments about benchmarking ourselves against the best in class, we're paying particular attention to ensure our Experiences are always human and simple.

We can't make it hard to donate, participate, fundraise or buy from us. Every touchpoint is an opportunity to sustain and build upon our high donor experience ratings.

We've been working very hard on the Culture component too. Building on the momentum we've created with "VS", and looking to other organizations in the private sector, we've recently launched our Employee Promise. Like other organizations we have a great set of values. Turning those into real, tangible expectations of behavior is something we have looked at more closely as we have transformed the external-facing brand. The alignment between values and behaviours have historically been more implicit than explicit. I'm proud to say we've recently unveiled a new well-defined set of behaviours to the organization and they've gotten a great reaction.



Our HR Director has been a real champion of this and it's been great, as part of the Culture working team, to see these articulated and shared internally. Interestingly we took some of our inspiration from our massively popular "VS" brand platform which has really done an incredible job positioning SickKids as a true world leading facility. Taking a page from that attitude and tone, we've crafted behaviours which are inspirational but speak to the very heart of the Foundation. Among those, "On the Frontlines, Not the Sidelines", "Act Like A First Responder" are very genuine behaviours here, and now we've made them more explicit in the context of where we are going as a brand and as an organization.

The Hospital for Sick Kids powerful "VS" TV commercial The roll-out of these new behaviours is just underway. Just as we've done with our donor journey, we've started to map our employee journey from talent spotting and hiring through to reviews, succession planning and even areas like exit interviews. Now the task is to deploy them and keep monitoring, modifying and refining them in the day-to-day actions of our colleagues.

HB: *That's a very audacious move. How do you plan on actually making this happen?*

MJ: It will involve the whole organization. Working at the Foundation is a privilege that we don't take for granted. Beyond articulating the behaviours them-

selves, we will be looking to highlight examples of how we are acting to live these behaviours every day. In certain areas of the organization it might be easier for employees to see themselves in these new behaviours.

Many of our donor facing roles do much of this intuitively, back to my earlier comment. The responsibility as managers, leaders and the Culture advocates is to ensure that our back-office colleagues understand the intent of these behaviours for their important roles.

Inherently a behaviour like "Act Like A 1st Responder" means being agile, responsive and delivering on promises. That's something that everyone from Reception to our Accounts Payable can understand and get behind.

I'm also having to think about my own behaviours and see which of them I can dial up in line with what's expected here now. One of the new values "Treat Every Relationship Like A Donor Relationship" has particular resonance with me. I see myself and our team at the Foundation as ambassadors for the brand every day. One example of this for me, in terms of personal behavior, was when I and a group of Directors were out for lunch at a restaurant that had just opened up around the corner. At the end of the

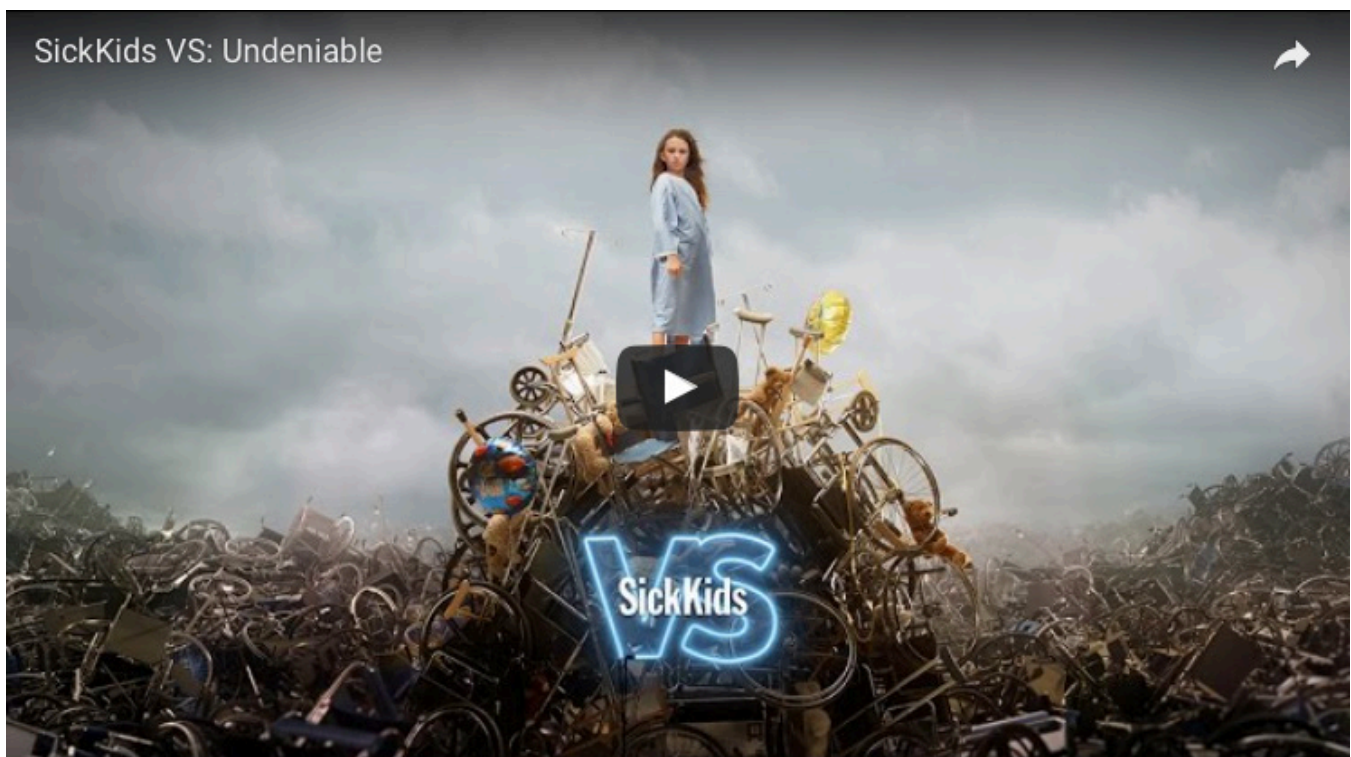
meal Itweeted mythanks to the restaurant. Amusingly, in this social media world, that tweet turned into an exchange between myself and the restaurant and then an introduction to my corporate colleagues at the Foundation, culminating in a \$10,000 donation, and now an ongoing multi-year corporate partnership. I call it 'the \$10,000 tweet'. It's a great personal example of taking every opportunity to use every touchpoint as a way to build a relationship. You never know where a conversation, or a tweet, might turn into something bigger. On the heels of that story, I've made a mental note to tweet more. (Laughs)

HB: *What advice would you give your peers in the not-for-profit space or those going through a similar experience?*

MJ: The one reality we have to deal with is budget restraints that our private sector colleagues may not have as acutely. This can be viewed as a constraint or, on the positive side, a way to really focus your attention on the things that are most important.

We may not have the same technology purchasing budget as a bank but we have an incredibly engaged team of employees who love what they're doing and the impact they're having. That's a distinct advantage we have and its up to us to harness and focus that.

The other is patience. Even within this environment it's a concerted and deliberate process to define those winning behaviours. Now when we deploy them and learn where the pressure points are, we're going to have to keep learning, modifying and working them through. That's okay and we expect it. The great thing is we're all excited about the momentum we have already created for SickKids. This will just accelerate it.





How a 145-Year-Old Insurance Company became a Digital Darling.

The insurance industry in Canada is unlikely to be the first place you go to find examples of innovation, transformation and disruption. However it is within a mid-sized 145-year-old insurer from Waterloo, that some of the most intriguing category innovation is occurring.

Since Economical Insurance launched their direct-to-consumer offering Sonnet in May 2016, the organization has been receiving praise and plaudits from the industry and from Canadians who genuinely feel this is an entirely different type of Insurance organization.

I sat down with Economical Insurance CMO Michael Shostak to talk about driving business and cultural transformation and what a “sleepy Waterloo insurance company” figured out to leap-frog the category.

HB: *The Sonnet story has been playing out in the media as a real digital disruptor, can you give me some background on that evolution within Economical?*

MS: Absolutely. It’s important to put Sonnet in context of our overall business direction. Before I joined, Economical’s board made a decision to demutualize the company – essentially so we’d have different options available to us to drive growth. The direct-to-consumer model showed real promise but it was always going to be in addition to our traditional broker model. The challenge was to find a meaningful way to build that consumer business.



HB: *“Going Digital” seems like a natural solution to that challenge. The Sonnet proposition seems much deeper and broader than that.*

MS: Digital was a natural conclusion from the market assessment exercise we went through. Operating in such a large global category, with many de facto standards, means that many of the platforms and processes that power a digital solution already exist. So we purposefully chose to not build anything proprietary or in-house. We wanted to spend our time sweating the details of how we delivered this new service versus creating new versions of technology that already existed. That started with a Brand Purpose exercise to crystalize our thinking and to align the organization on exactly what it was we were creating.

The first step was foundational but very profound. All aspects of the business had to align on what we meant by “customer” – after all for 145 years “customer” meant different things to different people across the company, from broker to end consumer. Following that, what would be our guiding principles in attracting and dealing with that customer.

For me common language is the first demarcation of any cultural change.

Fortunately that exercise was less turbulent than I anticipated. There was a genuine belief that to bring customers over in a category where switching is low

and involvement is typically even lower, would require more than just opening a digital channel. We needed a different proposition. We took inspiration from Saturn’s “Different Type of Car Company. Different Type of Car”. We needed to be – and act like – a different kind of Insurance Company. That drove some very powerful ideas which we crystalized into two thoughts. One – we care enough to change everything. Two, and you see this emblazoned on our walls, “Inspiring Customer Confidence” Those mantras gave us permission to start building out our new offering in a meaningful way.

HB: *Classically, words on a wall seldom transfer into new behaviours and actions. Particularly in a 145-year-old organization. How did Sonnet avoid that trap?*

MS: True but we had a great combination of executive alignment and commitment to experiment in building this out. In addition our board and C-suite include a fair number of executives with varied backgrounds from outside the industry. That immediately gave us a different perspective and different level of executive sponsorship.

Changing everything can feel like an enormous cultural task. We needed to be judicious. One of the first actions we took – and this took a real leap of faith – was to build out a hybrid team of Economical insiders paired with fresh-eyed “outsiders and newbies” to start creating the Sonnet experience. Essentially we took experts with diverse experiences



and expertise and told them “Go build something that’s going to Inspire Customer Confidence” I remember early meetings where those hybrid teams would discuss how much latitude they really had to change things. Naturally people would say “Can we really drop this clause if it’s bringing in revenue?” The answer would be “If its not inspiring customer confidence, it has to go and we’ll find a way to address the shortfall” I was pleasantly surprised how quickly this new attitude took root. It actually gave us proof that this could work.

One meeting, in particular, stands out when our colleague from Legal pushed back on a certain decision because he felt it didn’t inspire confidence.

When Legal began championing this new behaviour, it was a genuine “mic drop” moment for me.

As you can imagine that story has subsequently become part of the company mythology and I’ve heard numerous colleagues reference it when they talk to their teams about the new behaviours we expect at Economical.

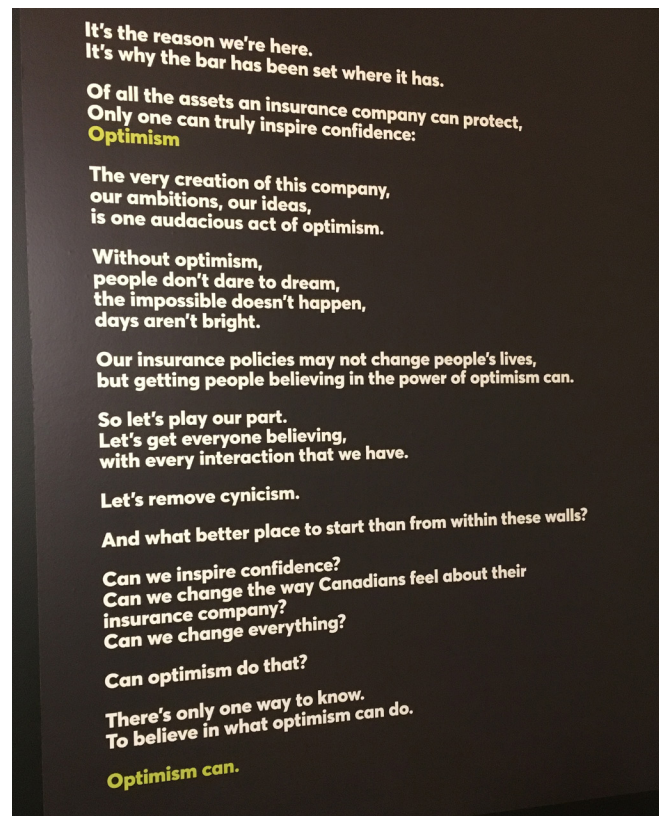
HB: *Brand Purpose. Brand Mantra. These are typically the domain of Marketing. How have your fellow executives helped spread this across the organization?*

MS: I’ve been very fortunate to have ongoing encouragement and support from across the ELT. Both our CEO and CHRO saw the value in having a clearly defined Brand Purpose not only for external purposes, but also as an internal rallying cry for employees. One of our priorities is to develop a “One Economical” culture that helps connect the company across different business lines and regions, while acknowledging that each will have its own unique personality. Brand Purpose, along with our company Values, gives us the foundation to achieve that. The partnership between Marketing and HR has been pivotal in this respect.

HB: *Launching Sonnet to the public is only the first step in your transformation journey? Can you talk to me about keeping that spirit alive with Economical?*

MS: We’re engaged in a multi-phased transformation of our business that began with the decision to demutualize. While we may have deliberately prioritized a direct-to-consumer business as our first step, it was always the intent that we’d be embarking on a similar transformation of the existing broker business. Of course it won’t be as radical, but the sentiment of inspiring customer confidence is an amazing filter for looking at enhancements across the business. That 2nd Chapter has just begun.

Several things have helped keep the flame alive. One we’ve been engaging in a multitude of small initiatives across the organization to deliberately highlight this wasn’t just about launching Sonnet. For example we contemporized the Economical website from the outdated version that had preceded it. A clear signal of change. The manner in which we communicate across the organization has changed from old-fashioned news bulletins to slick video





small is its less intimidating. For employees at all levels. Enacting big change can often slow an organization down and create unnecessary, and unhelpful, anxiety. Small and distributed changes would be my advice.

segments featuring our executives discussing topical events. Employees are actually engaging with those more than ever before. We've also seen great success infusing the informal networks that exist in any organization with our war stories from Sonnet - the Legal story I mentioned earlier is a great example. And what's helped immensely is that several of the Sonnet folks have returned back to Head Office to help craft Chapter Two. They've become carriers of the new culture and visible examples of acting and behaving differently here.

It hasn't just been one thing but a combination of activities that have legitimized and confirmed Economical is transforming it business and its culture. It's the nudge model of change and its worked for us so far.

HB: *That's remarkable. The organization seems to have genuinely embraced this transformation. What advice for your peers concerned about how they transform their businesses, particularly the large institutional types?*

MS: Start small. Create multiple small initiatives that signal change rather than some grand whole-scale reinvention. We've all experienced the dreaded desk drop of a T-shirt, coffee mug and screensaver with a new mantra that, twelve months later, has effected no new behaviour. The other benefit of

HB: *We began by talking about Sonnet as an example of Digital Transformation in Insurance but your story seems more about Culture as the Transformation.*

MS: It's actually both. Sonnet is a digital transformation for sure but there's nothing particularly unique about how we've tackled that from a technology perspective. When folks ask me "How were YOU able to do this ahead of some of the larger, more expected players in the category?" I go back to a simple Venn diagram I always use. If you can 1) intersect an unmet customer need - and the unmet part is critical - with 2) a changing business model and 3) an enabling technology, you're golden. Do it with 2 out of those 3, you're likely to be successful for a while at least.

In our case the changing business model wasn't going direct-to-consumer, that's not novel. Our changing business model was about how we'd go direct.

The "how" was entirely driven by our people and that needed us to refine our culture in order to succeed.



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on this important topic, please reach out.

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interviewed for this series, then send me an email.

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