Driving Culture Change in the Age of Digital Transformation

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“Culture is like the wind. It is invisible, yet its effect can be seen and felt. When it is blowing in your direction, it makes for smooth sailing. When it is blowing against you, everything is more difficult.”

Amongst those difficulties is sustainable transformation. Many companies look at transformation as a change in business process and operational excellence. A digital transformation is different. It involves redefining the company’s value proposition, not just its operations. It also requires a reassessment of how digital technologies and information can enhance an organization’s existing assets and capabilities to create new customer value. The connections between successful digital transformation and culture are inextricably linked.

Companies of all sizes have a culture; the question is whether or not the prevailing culture is conducive to your organization’s goal, such as a successful digital transformation. For companies that find their culture runs counter to their transformation, this article provides a perspective on why the right culture is important for enabling digital transformation, where some efforts have not delivered the expected results, and what you can do about it.

Digital transformation is required to create and deliver meaningful, relevant and personalized brand experiences for each individual consumer. Solutions often hinge on designing for success and focusing on design experience. However, success also requires a culture that embraces, enables, and is even excited about driving transformative change. The organization must deeply understand the need for change and
the culturally appropriate strategy that gets them there.

In July of 2017, McKinsey Quarterly stated that, “Shortcomings in organizational culture are one of the main barriers to company success in the digital age.” Since culture reflects the values and behavioral activities that prescribe how work gets done within an organization, it is of tantamount importance for driving transformation. Exhibit 1, from a recent Boston Consulting Group (BCG) study, demonstrates the importance of the relationship between culture and digital transformation.

This reaffirms what The Katzenbach Center published following a 2013 survey with 22,000 business executives, in which 84 percent agreed that culture plays a defining role in leading change, managing change and advancing overall business performance.

A culture conducive to digital transformation relies on:

• Having a strong propensity to encourage risk taking
• Fostering innovation to bring forward break-through thinking
and best practices

• Developing collaborative work environments for clear ongoing communication, speed and agility

“Culture needs to support collaboration and creativity,” says Mohamed-Hédi Charki, an associate professor at EDHEC Business School in France who focuses on the implications and outcomes of an enterprise social network at a European cosmetics company. “In this fast-changing, complex world, if a company sees innovation as something incremental, it will be marginalized in the coming years.”

Defining the culture is critical for both employee engagement and effective transformation. “You either manage your culture or it will manage you,” as the saying goes. BCG suggests that while there is no standard digital culture, there are five core elements:

• It promotes external versus an internal orientation
• It values delegation over control
• It supports boldness over caution
• It encourages more action and less planning
• It values team collaboration over individual effort

Managing culture is not a fire-and-forget mission. Leaders need to continuously reinforce with their teams the behaviors that align with each desired cultural characteristic. BCG, in Exhibit 2, provides a framework for approaching this:
Leaders who direct transformation efforts are often deeply focused on structural and process changes and inadvertently deprioritize people. This approach is counter-productive to the very culture the leader aims to foster. Therefore, ensure that a culture-change team explicitly understands and values the organization’s social dynamics and includes individuals who are genuinely well-liked.

**Aligning culture with strategy**

“Culture is the ‘set of values and attributes that shape how things get done in the organization,’ said Anthony Abbatiello, a principal in Deloitte’s human capital practice and who is also responsible for leadership and culture business. Ultimately, culture is how the business strategy becomes reality.”

**Leveraging culture in times of change**

“... culture change only happens when people take action. So start there. While articulating a mission and changing company structures are important, it’s often a more successful approach to tackle those sorts of issues after you’ve been able to show people the change you want to see.”

**Summary**

Digital transformation is now part of today’s business environment and requires establishing or enhancing a culture that supports the changes while the project enables the company’s strategies. Many enterprise leaders are embracing transformation, and learning along the way that becoming a more digital organization requires a seismic change in employee behaviors and activities, which drive culture with both internal colleagues and business partners.

“The companies that are successful in digital are the ones who put the customer at the center of everything they do. No matter how the technology continues to evolve, the brands that focus on the customer will know the best ways to transform moving forward.”
Hemerling et. al.
Walker and Soule.
Jason Albanese, “These 4 Companies Have Been Saved by Digital Transformation,” Inc., May 24, 2018. https://www.inc.com/jason-albanese/these-4-companies-have-been
-saved-by-digital-transformation.html