Building a digital organization requires the right culture

In digital transformation, organizations must undergo profound and pervasive change – and realizing that change means more than investing in the latest digital technologies. A resilient corporate culture that can deal with constant flux is imperative to building the digital capabilities and workforce that drive business performance, innovation, and growth. Companies need to shift their focus to tangible and focused corporate culture strategies and initiatives that serve the specific goals of the digital change. These strategies are critical to ensuring that change happens throughout the organization, fostering specific new work practices and behaviors through common beliefs, values, and purpose.

Too often, however, corporate culture is a barrier to digital transformation. According to the Digital Transformation Institute, 62% of respondents to their most recent study consider culture the biggest hurdle to digital transformation. While 40% of senior executives think they have a digital culture, only 27% of employees agree.¹ Frequently, companies fail to realize their culture goals when strategies, programs, and initiatives are hampered by organizational siloes. Values and commitments are stated rather than acted upon, allowing old ways of working and reactive mindsets to persist.

Creating an impactful culture is not easy, and it’s not simple. It must be born of strategy at the highest levels of the business, but cannot be managed “down” through the organization through directives and mandates. It must cohere systematically and programmatically, but leave room for the human elements of variability, inertia, interpretation, and emotional engagement. Companies realize culture through organizational mechanics and design – the work of people. But creating a culture strategy means finding the best opportunities to make culture individually empowering and meaningful.

Culture is the glue that holds the new business model together. As such, it needs to be explicit, active, and reliable.

To transform your organizational culture, start with asking the right questions. Build a framework for what culture in action should look like for people in your organization, and create employee experiences that build long-lasting commitment and help realize the future of work. Use the approaches below as a guide for creating a culture strategy to drive digital transformation.
How should digital transformation change behaviors?

Much has been said about what differentiates an analog culture from a digital one. What many of these models miss, however, is that companies must implement culture initiatives with focus and purpose across the business dimensions that drive digital transformation – strategy, operations, work practices, and strategic talent systems.

The above are representative priorities of companies that are transforming to a digital culture. Rather than simply stating conceptual alignment to these new attitudes and practices, however, organizations should practice culture in action as a strategic first step: consider the current state of work, but imagine what is possible. Use desired outcomes as a lens to benchmark change underway. Identify gaps and opportunities, set priorities, and create focused plans of action for enabling people and practices to move – in the near term and over time.

<table>
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<tr>
<th>Dimension</th>
<th>From Traditional Culture</th>
<th>To Digital Culture</th>
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| Strategic | • Product & finance focused  
  • Outcome-oriented  
  • Rigid planning mindset  
  • Making decisions is laborious and takes time | • Customer-centric mindset  
  • Looking outside the business  
  • Constant measurement  
  • Rethinking assumptions  
  • Making decisions “on the fly” with ample access to information |
| Operational | • Static process & roles  
  • Pursuit of incremental improvements  
  • Deep channels with limited focus | • Flexible skills and nimble workers  
  • Pursuit of ambiguity, innovation, and continuous change  
  • Digital tools used constantly, everywhere, and across channels |
| Practices | • Playing it safe  
  • “I want to solve problems myself”  
  • Unconscious people biases  
  • Homogeneous teams working within silos | • Curiosity & transparency  
  • Pursuit of diverse perspectives  
  • Active participation in knowledge creation and idea sharing  
  • Cross-functional, connected teams that are diverse in their thinking |
| Talent | • Defined career paths  
  • Formal job training and structured development programs  
  • Unconscious people biases  
  • Homogeneous teams working within silos | • Fluid career journeys, with opportunity as a catalyst for development  
  • Transition to learning worker  
  • Feedback is continuous and integral to work  
  • Recognition, rewards, and promotions based on performance |
What is the organizational landscape of change?

Defining culture in action requires imagining what is possible, informed by the current state of the organization and mindsets of its people. Consider change that is already underway and what is driving that change, within the organization and in the industry broadly. Assess how the business is pursuing change – what strategies or tactics are already in place, and how are they working – and identify barriers and motivations.

Ask:

• How are the business and operating models changing?

• How is the business adapting to meet customer expectations?

• What change methodologies are already in place (LEAN, ADKAR, etc.)?

• What are the pervasive culture, mindset, and behavioral changes that can enable business change?

• What current mindsets and behaviors are impeding change?

Use this holistic view as a lens to identify opportunities and focus cultural initiatives.

Designing the framework for an actionable culture

The employee experience should create ways for employees and workers to engage, participate, and play a role in actualizing – even shaping – culture through action. Effective experiences create opportunities and empower workers to:

• Confidently align to the shared mission and values

• Make valuable individual and collective contributions to the organization

• Deliver on the company’s meaning and purpose

The experience realizes these outcomes by:

• Telling a powerful story about the organization’s mission and values

• Championing behaviors that drive innovation and growth

• Empowering people to work, collaborate, and develop successfully

• Influencing decisions and actions workers make day to day

• Providing every worker a purpose and voice in the discourse of the business

• Inflecting how people pass on culture to colleagues and new hires

• Positioning individuals as accountable learners and leaders
Culture in Action Framework

Given culture’s pervasiveness – and its inchoate position as both top-down employer brand and bottom-up aggregate of individual attitudes and behaviors – strategizing for cultural change can introduce challenges of where to start, where to focus, and how to prioritize. Defining the future state through a framework ensures cohesiveness across business dimensions and from the top of the organization to the bottom.

1 Define the new digital mindset
Identify the stories and motivations that characterize your organization, philosophically and strategically. What attitudes and behaviors will drive the transformation and change desired?
  - Mission and value proposition
  - Shared purpose
  - Common characteristics of how we work
  - Diverse perspectives
Understand people’s needs and situations
Design should provide meaningful context and relevant intelligence that actualize cultural commitments through specific scenarios, such as:

- Early assimilation and engagement for new talent joining the organization
- Continuous reinforcement to employees and workers who stay and engage and are committed to the organization
- Empathetic guidance in situations where employees facing personal challenges need partnership and support

Make it easy to adopt new behaviors
Identify practices and attitudes that are critical to the success of employee engagement. Design should make sense of these concepts by reinforcing ideas, demonstrating what good looks like, and providing ways for employees to act in context. These practices may include:

- Leadership at every level of the business
- Empathy for colleagues and customers
- Continuous learning
- Pursuit of courageous ideas and learning from failure
- Diversity in teams and ideas
- New approaches and perspectives

Get people engaged
Design should create awareness, promote participation, and support personal development in the company’s investments in its culture:

- Programs of recognition
- Culture of health and well being
- Inclusion and diversity
- Global citizenship
- Ambassadorship

Create value from your digital assets
The experience should leverage the collective knowledge and assets of the organization to manifest the contexts above in targeted, personally relevant ways. At the same time, resources should be findable and interactive to enable individual access and exploration.

- Social media forums
- Digital collaboration tools
- Educational assets
- Thought leadership
- Policies and guidelines
- Relevant work collateral
Organizational culture is a crucial driver of organizational change. However, it is also easily mired in old mindsets and ways of working that make change initiatives ineffective. The most successful companies use culture as a motivator, not a megaphone.

To design experiences that actualize culture change in meaningful, impactful, and — most importantly — useful ways for workers, those who “define” culture from the top down must recognize the limits of their influence in an analog world. They must harness digital technologies to enable the new ways of working that they envision — not because workers are told that they should, but because these new practices and attitudes make sense in contexts of the new employee experience.

Doing so requires consideration of all dimensions of the business: strategic and operational, online and on the floor, from the most repetitive task to the mission statement. When the employee experience realizes culture in the scenarios and narratives where it is most relevant to workers, it delivers on the purpose and impact of digital transformation.