Digital culture makes or breaks digital transformation initiatives

By Jonathan Houston   26 Sep 2018

What too many organisations overlook when embarking on a digital transformation is the cultural and leadership readiness for the change. Both are essential to the success of any initiative.

Digital transformation – the process of ensuring organisations embrace the online world by changing their business processes and operations – is typically led by the leadership of a business. In some organisations it becomes the responsibility of just one leader such as the CIO or IT director.

Cultural readiness frequently gets overlooked in businesses which don't understand the value their human capital can add to their transformation needs. Rather than recognising that people buy from people, these businesses tend to see human capital as a fluid commodity that comes and goes.

However, for a digital transformation initiative to succeed there has to be a cultural readiness for the change. No matter how thorough the plan, unless the organisation's people embrace it, understand why the initiative is being undertaken and the company culture supports it, the project is doomed to fail.

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Company cultures that don't lend themselves to digital transformation include those that have a very offline culture or have a particularly hierarchical organisational structure and culture. In these instances the culture of the organisation would need to be massaged and shifted until people worked differently together before any major digital initiatives could be imposed.

There are a variety of ways to achieve this: but the starting point is an assessment which maps out the culture of the organisation to evaluate how digitally ready the business is, identify where it wants to be and then track a route to achieve this.

Company cultures that are naturally inclined to digital transformation include those that favour collaboration over hierarchy, action over planning, and are client-focused rather than internally-focused. These kind of cultures tend to have leaders who are not afraid to embrace change.

Ironically, a culture that supports digital transformation does not necessarily require that everyone lives primarily on a digital platform. On the contrary, a digitally transformed business fixates on the customer experience. Digital processes, platforms and technological tools facilitate this improved customer experience rather than define it.

The most common cause of a failed digital transformation initiative is a lack of awareness or understanding of what it entails. Even if the C-suite has a good understanding of what it entails, all too often they don't communicate sufficiently throughout the organisation as to why it needs to happen.

Rather than a siloed approach – which can act as a death knell for a digital transformation initiative – a collaborative approach needs to be taken; one in which all departments and customer touchpoints are involved and where there is a desire and willingness to work together to achieve a greater purpose.

Dynamic and united leadership teams that are able to align behind the mission and purpose of the organisation tend to be more adept at becoming digitally transformed. Typically they have a good understanding of what it can and cannot do for the business, and exhibit a willingness to change the way things are done. They tend to have a passion for strategic innovation. Furthermore, they understand that the digital culture of the business needs to be aligned to the organisational strategy and values, and they ensure a hyperfocus on the delivery of customer centricity.

The reality, however, is that not many business leaders are truly digitally savvy. Even those companies with a very young culture and leadership often associate a digital culture with the social elements of a digital environment and fail to understand the impact of legacy systems.

Financial services is a good example of an industry currently between a rock and a hard place in terms of their digital transformation efforts. The traditional 'big four' incumbents have had to balance the realities of legacy systems while at the same time making plans to shift their focus to become more agile, technology-first financial services providers as they work to counter the threat posed by digitally first banks such as Discovery.

Experimentation is crucial in the process of implementing a digital culture. Those organisations which successfully implement a digital transformation initiative believe in failing fast and recovering quickly. Success is about measuring risk and adapting quickly. Technology needs to be iterated and a developmental road path needs to be in place.

Implementing a digital culture is about being bold in approach rather than clinging to outdated business practices. It is a culture that understands that failure is an option and that while planning is imperative, ultimately in this space, action trumps planning because the best place to innovate and adjust plans is at the coal face.

Critically, a digital transformation needs to be achieved in pockets with a return on investment clearly illustrated in order to maintain shareholder value.

There is no one-size-fits-all approach to digital transformation and each organisation needs to assess its own appetite and cultural readiness for any initiative of this nature.

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