Digital culture change – a model for leaders

change CORP

When digital transformation is done right, it's like a caterpillar turning into a butterfly, but when done wrong, all you have is a really fast caterpillar....

Digital leadership is not so much about understanding specific technologies; it's about understanding people. It's about setting aspirations, creating culture and building capability.

Our world has changed forever. Uncertainty, volatility, digital disruption is here to stay. Long and short-term forces are colliding in unpredictable ways. According to Gartner, more than 66% of CEO's say that they want to change their business models in the next three years.

Leaders of the future need to demonstrate ambidexterity, exploiting what is required today – processes, competencies, organisation structure and products, while exploring the future – continuous learning, adaptability, vision and entrepreneurship. Running an organisation that is both tight and loose at the same time means adapting and evolving to optimise future opportunities whilst simultaneously leveraging the here and now. Inherently paradoxical, complex and challenging.

Above all, new digital leaders need to be resilient, recover fast and adapt to uncertainty, a paradigm shift away from the autonomy of the powerhouse decision-maker de facto leader based on their experience and tenure.

Our digital culture change model de-constructs what leaders need to focus on and how they need to behave to build a future-proof digital culture. **Digital culture change – a model for leaders** distils the core values and behaviours that will build ambidexterity and guarantee a cultural revolution for those leaders bold enough to go for it.

For those willing to embrace the challenge, the rewards for commercial success, customer satisfaction, engaged workforce and innovation are enormous. The risks of not adapting are equally high. Company lifespans have reduced from 61 years in 1958 to 16 today (Professor Richard Foster). It is estimated that 75% of companies that will comprise the top 500 in 2027 don't yet exist.

We will be delighted to discuss our model with you in more detail to demonstrate how we can develop and coach your leaders to achieve a digital cultural revolution.

Obsess about **customers**

What does it mean?

Customers crave **personalised, frictionless experiences** and companies are sprinting to deliver them. However, organisational change within business happens more slowly than the change in technology and the change in consumer behaviour that surrounds it. In the new world we need **customer-facing structures, fast response times, tight feedback loops and high information efficiency.**

The most successful companies **involve every employee in the process** and the whole company has a customer experience mindset. This means every person knows how their work impacts customers and is empowered to help solve any customer issue to provide the best experience possible. And, digital leaders think ahead considering the customers to come in future generations and what is really means to be a responsible and/or sustainable business.

Key leadership behaviours:

- ✓ Demonstrates a **customer experience mindset**
- ✓ Moves from a **focus on** shareholders to **customers**
- ✓ **Empowers others** to solve customer issues
- ✓ **Uses tight feedback loops** to listen and respond to customers' needs
- ✓ Thinks ahead, anticipates and plans to build a **responsible and/or sustainable business**

What it is not:

- ✗ Doing what is faster and efficient for your company rather than what is better and more efficient for your customer
- ✗ Taking a short-term view on profits rather than a long-term view on improving the overall customer experience
- ✗ Putting the demands of shareholders above the needs of customers
- ✗ Keeping control of decision making at senior levels

HOW DO YOU KNOW **WHAT YOUR CUSTOMERS CARE ABOUT...**

— MORE — HELP & ADVICE — PLEASE! —

BETTER BUILD QUALITY

£ VOLUME PRICING MIGHT BE NICE

FLEXIBLE DELIVERY OPTIONS

SUSTAINABLE SUPPLY CHAIN

Foster **collaboration**

What does it mean?

For an organisation to stay competitive, there is a need for constant innovation that is fostered by collaboration. The key thing about collaboration is that **relationships lie at the heart of everything.** Arguably we are now operating in a relational economy – up/down/across/multi-networked and channelled. Building relationships requires the ability to **create rapport, be responsible for actions, be respectful and be trustworthy** – all the behaviours we look for in terms of integrity & ethical decision-making and actions.

'Silo working and silo thinking' is a phrase often used by leaders to encapsulate the problem of a lack of collaboration. This reflects a frustration with an inward-looking, power-based view of the world. Effective collaboration requires a conscious decision by individuals and groups of people to **work together to address a common goal.** The decision to collaborate is also not automatic. It often involves reconciling two conflicting sides to our character: the individualistic part of ourselves – which strives to do what is best for 'me'; and the collective part – which seeks to be helpful and giving to others in the interests of the greater good.

A unifying theme is that the **tough issues that need to be tackled cannot be solved by any one person or group of people acting in isolation.** People need to work together – within the organisation and increasingly with others outside of the organisation – to work through problems and get stuff done especially in the digital world where collaboration will develop the most innovative and disruptive solutions.

Key leadership behaviours:

- ✓ Focuses intentionally on **collaboration**
- ✓ Exhibits an inclusive attitude that fosters a **positive collaboration culture** and teamwork while achieving company goals
- ✓ Develops and shares an understanding of **why, when and with whom people in the organisation should collaborate**
- ✓ Pro-actively **seeks out and enables opportunities** to co-create and innovate
- ✓ **Works well with others** to get things done

HOW DO YOU FULLY **LEVERAGE YOUR ORGANISATION'S TALENTS...**

What it's not:

- ✕ Holding information close and not wanting to share information with others
- ✕ Believing that collaboration will diminish efficiency, productivity or the quality of work rather than enhancing it
- ✕ Unwilling to persuade others that collaboration is worth the effort
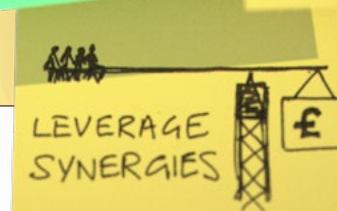
Be **ethical** & **trustworthy**

What does it mean?

Ethical leaders embody the purpose, vision, and values of the organisation and of its customers within an understanding of ethical ideals. They **connect the common goals of the organisation with that of the internal employee and external stakeholders.** Some leaders think that being ethical means sticking to the legal requirements whilst avoiding only what is strictly illegal. However, this does not mean what you are doing is right.

Behaving ethically is a powerful source of long-term competitive advantage. **Being ethical creates trust and trust builds strong relationships,** both inside and outside of the organisation, and out of relationships comes value. However, establishing standards for

ethical behaviour in a world where technology is pushing the boundaries and there is no governance in place is challenging. What is and what is not acceptable? **Ethics is not always a matter of black and white, right or wrong.** Is it about doing the right thing or more things right more of the time? What checks and balances do leaders need to put in place to increase the level of vigilance over their ethical standards?

What we do know is that it is the leader's role to build a culture that is that is psychologically safe so that employees believe that they can take interpersonal risks and customers believe there is self-regulation and global accountability.

Key leadership behaviours:

✓ Builds trust-based relationships by **being respectful, building rapport and listening**

✓ Willing to be **personally fallible and vulnerable**

✓ Acts responsibly to **do the right thing**

✓ Builds **a psychologically safe environment** at all levels

✓ Values the **mental and physical health of staff** and regulates the use of technology

✓ Takes action and is **accountable for checks and balances**

✓ Develops **emotional capability** to be sensitive to emotional fall-out

✓ Values **cyber security** and pro-actively advocates

✓ Takes responsibility for managing technology to **promote the public good of society and the environment**

What it's not:

✕ Unwilling to be honest and pass on information or bad news

✕ Status-driven above efficiency and productivity

✕ Over-promises to get more resources (because resources lead to power)

✕ Using data without regard for longer-term impact

✕ Allowing an 'always-on' culture with no safeguards

✕ Putting profits above ethics

Encourage **exploration** & **innovation**

What does it mean?

Having an explicit belief in an ever-changing environment means that rather than regarding the world as static you **start to actively look for opportunities to disrupt and change.**

In this digital world, senior leaders need to let go of the belief that 'they know best' and surround themselves with the sort of people new ideas come from (the cool kids in the corner). There's a need to expand the ideas that conform to current expectations and focus on ideas that fall outside of this that have previously been ignored. But, **most companies focus on minimising risk rather than maximising freedom and speed.**

The digital company is moving away from 'perfection' towards taking more risks, getting things done 'fast and roughly right'. **Digital leaders assume uncertainty.** Digital companies are organised around continual experimentation, exploring and learning from success and from failure. This type of culture **continually tests, fails, iterates and learns.** They use tight feedback loops that spot mistakes fast, kill off projects that don't meet their criteria and move on fast to those that do.

They use vertical expertise combined with small, self-organising multi-disciplinary teams. They **think like a Start-up** and recognise the power of small teams to drive big changes. Above all the agile leader shows humility, recovers fast, connects and engages at all times and can articulate a vision that motivates others.

Key leadership behaviours:

- ✓ Actively open-minded, curious and **seeks out new ideas**
- ✓ **Strong bias towards taking action** and (10x) results
- ✓ Ready to challenge existing beliefs and norms and **think like a start-up**
- ✓ Demonstrates resilience to **recover fast and learn from setbacks**
- ✓ Promotes an open learning culture where there is **no loss of status if ideas fail**
- ✓ Comfortable **working with ambiguity and taking risks**
- ✓ Bold enough to be **willing to disrupt** the already well-optimised model
- ✓ Encourages failure in an **environment of experimentation**

What it's not:

- ✕ Punishes failure
- ✕ Sacrifices good ideas that will disrupt internal politics
- ✕ Unwilling to challenge shareholders to get to the best ideas
- ✕ Risk averse mind-set
- ✕ Choosing complacency over curiosity
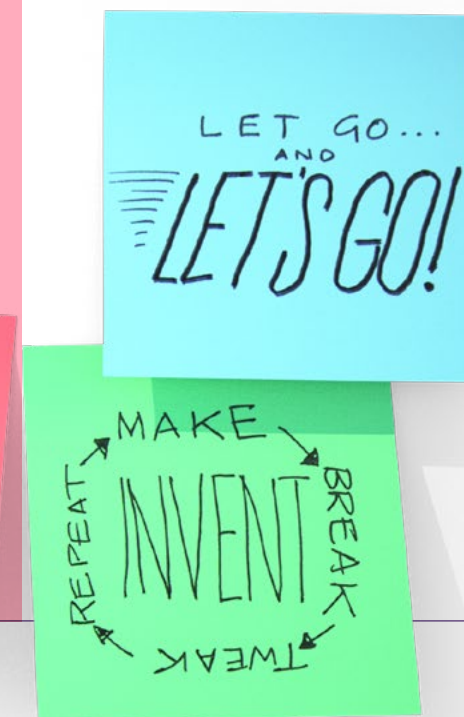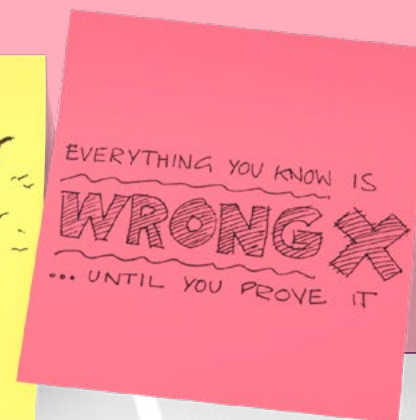
Develop a **data-driven mindset**

What does it mean?

Technological change is happening much faster than organisational change. **Data is the new oil** (Clive Humby 2006). Data has the ability to remove the noise between cause and effect in organisations and drive efficiencies and improved performance. Yet, in 2012 a study by EMC/IDC said less than 1% of the world's data was actually being used. There is a need for a major cultural shift required away from power and decisions made by 'HiPPOs' (highest paid person's opinions) to a culture where **evidence-based, data driven decision making** happens more effectively at much lower levels of the company. This is threatening for the traditional leader. Decision making needs to be empowered at lower levels with ease of access to relevant data,

and a culture that is not suffocated by internal politics. **Effortless access to the right data at the right time** through dashboarding for example, can bring agility by supporting and removing convention around a proposed course of action. Teams with access to relevant data make **better, faster and cheaper decisions.**

The opportunity exists to use continuous data analytics to test and improve services. Digital native companies also have an advantage over digital immigrant companies who are always playing 'catch-up'. For example, over-burdensome hierarchy creates its own over-burdensome process and it becomes paralysing.

Reaping the benefits of a flatter business is not just about structure though. In immigrant companies, visible symbols of status are largely counter-productive to more open communication. The digital leader is willing to let-go of the traditional ways of working even if it means they lose some of the benefit of the past.

Key Leadership Behaviours:

- ✓ **Supports evidence based, data driven decision making** at the most appropriate level of the company
- ✓ Exhibits an active and constant willingness to engage with **evolving and advancing potential of data** that supports increased customer satisfaction and productivity
- ✓ Key ambassador for digital, constantly reinforcing ambitions getting personally involved and **role-modelling new ways of working**
- ✓ **Takes bold decisions** to switch off old technologies and switch on new
- ✓ Where appropriate, ensures **decision-making** on new digital initiatives is delegated to **project teams not to senior managers**

What it's not:

- ✗ Keeping power at the top of the organisation
- ✗ Unwilling to explore new ways of working
- ✗ Retaining traditional ways of operating
- ✗ Unwilling to maximise the potential of data
- ✗ Unwilling to personally change

Let's talk...

Give us a call or send us an email to discuss what our digital culture change model could mean for your leaders and your future.

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