Sustaining Digitisation Hinges on Culture

By Charles Galunic , INSEAD

Digital transformation can be your Trojan horse for cultural change.

This is the sixth and final article in our special **series on the Digital Journey**.

Throughout this series, which is based on a study of organisations actively travelling on the road of digitisation, we have observed that companies on the digital journey face many challenges. From the people they need to the structures they want, one lesson we have learnt is that digitisation is about integration. Our working model features 10 checkpoints on the digital journey, and this article deals with the last one, culture.

No feature drew more nods, shaking of the head and exclamation marks in our interviews than culture. Mentioned time and again, culture was consistently referred to as a big challenge if not the biggest.

It's not that the cultural themes which managers professed to be important (or simply desperately wanted to push forward) were completely new. Some of these cultural themes will be familiar. What is important to recognise is

that the digital journey presents a great opportunity for cultural work. Saying to an organisation that "we need to work on our culture" is difficult and can be off-putting. But introducing cultural redirections as part of a digital transformation can make these changes easier to swallow.

Think of digitisation as your Trojan horse: Use it to finally do the sort of cultural work that you have sought for years but for which you never had the context – the material changes to your business model – to boost motivation. The goal is the same. However, the culture needs to align with the working model of digitisation that we have described over this series.
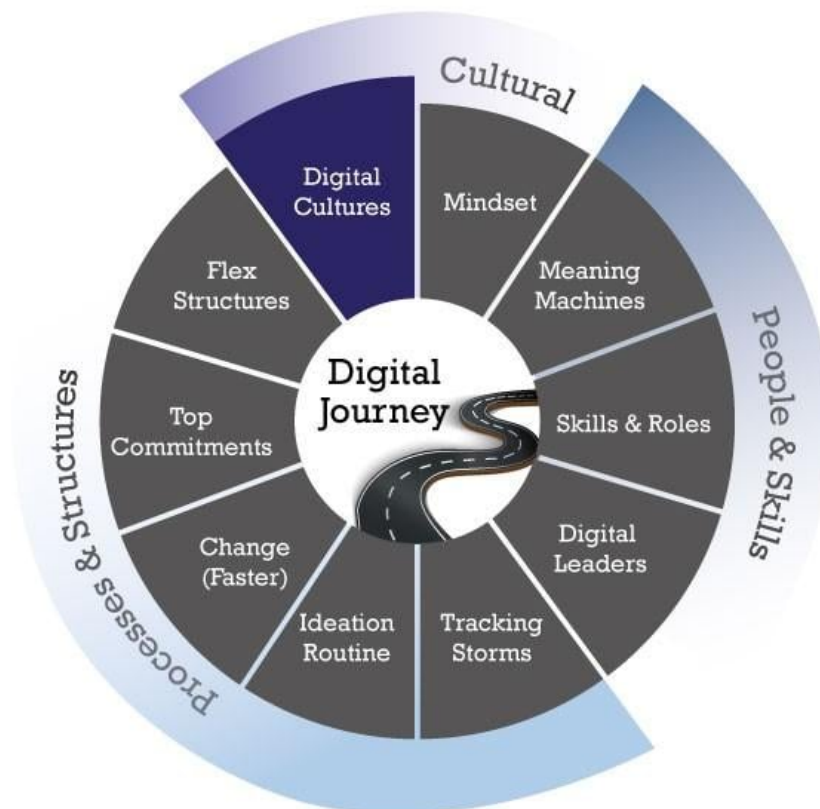
Digital cultures

Our interviews helped us to synthesise five characteristics of digital cultures emerging at those companies on the road to digitisation.

1. 360° awareness

A common yet peculiar phrase one hears often in local league French football is "Lève la tête!", usually being screamed by an angry coach at his or her

players. It can literally be translated as "heads up" or more generally "lift up your head and have a look around you". The gist is to be aware of what your teammates and opponents are doing, so you can make better judgements.

Digital cultures try to do the same. One interviewee told us, "I think one of the most important things is that every employee have a view of the things that are more…like an umbrella. Not only my singular, small business; I try to have an understanding of the whole business."

This matters because the sort of digital initiatives and innovations we have been talking about don't emerge from basement labs, but from open exchange and recombinant thinking.

2. User's eyes

A good deal of digitisation is about (potential) data linkages and learning between customers and company. It may seem natural that customer centricity will increase, but managers' thinking is sometimes hijacked by "cool tech" at the expense of user value. Having access to mounds of data can also turn into a "gamification" exercise (e.g. attempts to spike sales that don't necessarily have long-term value). We believe that it's very important for companies to maintain or increase their customer centricity as they embark on digital journeys.

One interviewee told us, "In our company, we have this focus around the customers first and [as] I always put it, 'If it's their problem, it's our problem'. We need to see it through and make sure we come out the other end successful together."

3. The new cosmopolitans

Digital cultures require an additional dose of cosmopolitan thinking as compared to what we may have seen in the past. As we discussed in **part two** of this series, our interviewees expressed demand for three main types of people: "quants", "digital natives" and "suits". These are key roles in the digitisation process, but also camps between which fault lines of cultural tension start to emerge. This requires open-mindedness and acceptance for the new diversity of skillsets that organisations need. As one interviewee told us, "You need all the different specialists all the time…you have to adapt to all these different questions and competencies. You have to learn, you have to…be able to talk to all these new kinds of people, like the Facebook

evangelists or data scientists."

4. Fairness and meritocracy

Thanks to the proliferation of data and measuring tools, organisations we spoke to are putting more focus on meritocracy and fairness. Data enable firms to make arguments based on fair process, not fiat and whim. This doesn't mean these organisations have assigned all decision-making roles to machines. There are still managers making tough decisions, but with fair process in mind. This helps organisations avoid power struggles over resources and budget. This also makes workplaces more down-to-earth. "Before, it was top-down. It's totally different today. We have our innovation meetings. The right people come together and share various experiences…we have a sharing in the management team and look through the ideas. We are very close to the teams," said one respondent.

5. Failure is OK, learning a must

Digital cultures tolerate and even welcome failure, perhaps not exactly with "open arms", but there's a sense that digitisation has finally created some space for this commonly acknowledged "secret" of innovative companies. Crucially, they also extract learning from error. Too often we don't do the hard forensic work of learning from our mistakes. One interviewee told us: "We actually organised a 'F**k up Friday'…we asked people to come and explain one of their biggest failures and what they'd learnt from it." This organisation started by asking a senior staffer to share their own experience, which then led the way for others to share theirs. Failures without forensics are wasted opportunities.

In sum, the companies we interviewed have made substantial changes in how they work, but also in how they think. It's likely that these cultural changes, if sustained, will eventually be even more useful than the specific digital changes made as part of these companies' digital journeys.

Find article at

https://knowledge.insead.edu/leadership-organisations/sustaining-digitisation-hinges-culture

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About the author(s)

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About the series

The Digital Journey

Managers and leaders actively involved in shaping the digital future of a variety of companies across different sectors were interviewed for this series. It will consist of six parts.