Creating A Culture Of Digital Transformation In 2018



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When I work with customers and we chart out the issues they believe their digital transformations will face, the lists are often the same. Companies are worried about managing

the switch from legacy systems, siloed data and getting buy-in from the board and the C-suite. They're worried about time to value and about keeping current customers pleased.

What often isn't on that list, though, is what can make or break any digital transformation: the need to manage and change the culture of the business itself. MIT Sloan and Deloitte did a great analysis of what makes digital leaders and digital failures, and the answer is clear: "The history of technological advance in business is littered with examples of companies focusing on technologies without investing in organizational capabilities that ensure their impact. In many companies, (failures are) classic examples of expectations falling short because organizations didn't change mindsets and processes or build cultures that fostered change."

I couldn't agree more. The biggest successes I've seen have been at companies where they put the cultural changes -- and the process for driving a digital-first culture -- at the top of the list.

Let me tell you a story. One of our best customers is a financial services company that faces real challenges from digital-first banks. Members of the company came to us with a problem: "We need better technology, and we need to make everything more agile because our customers are demanding the same rapid response that these smaller startups are offering."

Now, granted, this company had a great reputation in the market, but it was missing out on business because of its inability to keep up with customer needs. And the business leaders knew it. They knew they had to change, but they assumed their only issue was that they needed to manage, cross-sell and up-sell their systems "like a startup."

One of the biggest issues I see is the assumption that "there's an app for that" -- a concept that gets a lot of play in executive heads today as a quick fix. And while in many cases an app does exist to fix a specific business problem, the issue runs a lot deeper. Technology clearly makes it easier to execute on key business strategies. But while technology is a key component of a digital transformation, it's not the only component. Just implementing technology doesn't solve your business issue.

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Without a change in the way people work and behave, the technology falls flat. In other words, without actively fostering digital cultural characteristics, such as customer centricity,

responsiveness or breaking down the silos that traditionally exist between business and IT, digital transformation efforts flounder. There's a reason that development and delivery don't solve the problem -- when your employees don't work with the technology to support its strategic intent, your project can fail and fail fast.

When the bank finished its system implementation, the technology itself was performing as promised. But the hoped-for agility didn't materialize; if anything, lag times increased and the customer experience suffered.

The head of the project was frantic. Did they need more time with architects? Program managers? Why was this going so wrong?

It wasn't the technology. What they needed was a fundamental shift in the way their employees worked to get things done. While the new front-end solution was a great improvement, the assumption was that their employees would start using it as soon as it was turned on. But people don't work like technology -- you can't just flip a switch and get them to change. Their employees preferred the old spreadsheet-based reporting system and actually kept it running "under the covers" alongside the new system because they needed to meet deadlines.

The fix was clear: We needed to get the employees -- many of whom had been in the industry for ages -- comfortable with both the new technology and the change it fostered for the company internally and externally, with customers. They needed to understand why the company had made this change and how it would ultimately benefit not just the customers but their own experience.

Here are some tips we employed that your business can also use to foster digital cultural characteristics and define internal and customer-facing behaviors:

- First, it's important to get everyone to adopt in order to achieve transformational objectives.
- Next, enlist leaders to demonstrate, evangelize and model the new ways of working to give the initiative visibility.
- Finally, create innovation lunches where employees can come up with new processes and tools in the system in order to make the changes easier, such as collaboration and customer visibility tools.

We used <u>gamification and guided learning programs</u> to speed up the understanding and adoption of the technology across the business. Adoption of both the behaviors and the technology shot up, and the transformation started to feel palpable. Collaboration blossomed, customer centricity and speed increased, and employee satisfaction spiked, making it a win-win for everyone.

It's a happy ending for the bank, but for me, it really brings home the point that without a focused effort on the people-side of transformation, even the best-planned implementation or the most cutting-edge technology can still fail. Nothing can guarantee success in digital transformation, but your employees are just as important a part of the process as the C-suite and the board in making sure your transformation is set up for success.