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Building a Digital Culture: A Perspective from Asia

By Ian Johnston and Chris Uhrinek

Digital transformation is a priority in most organisations today. The impact of this revolution is reflected in our everyday lives, and corporate leaders must understand how to drive fundamental changes in their organisations to ensure they continue to innovate and thrive.

Many organisations, however, place too much emphasis on technology which ironically, slows their digital transformations. Research shows that digitally mature organisations (i.e., ones that have successfully transformed themselves digitally at least once) place a far higher focus on their people as key enablers. People are at the heart of any successful organisation transformation, and digitally mature organisations focus on people and culture as much as technology.

The Singapore Government launched its Smart Nation initiative in 2014 to incorporate technology into the way that its citizens live, work and play. However, a recent *Disruptive Decision-Making* report by Telstra found that one in four Singapore-based organisations admitted to not being close to starting their digital transformation journey.

Digital acceleration refers to an organisation's ability to effectively deploy new technologies to incubate new digital offerings. New ways of working across the business can achieve efficiencies in the operating mode and/or enhance the customer experience. Leaders should focus on driving change at the enterprise level, breaking down silos, and enabling high levels of collaboration and commitment. This requires shifting the organisational culture to embrace the speed and agility made possible by digital technologies.
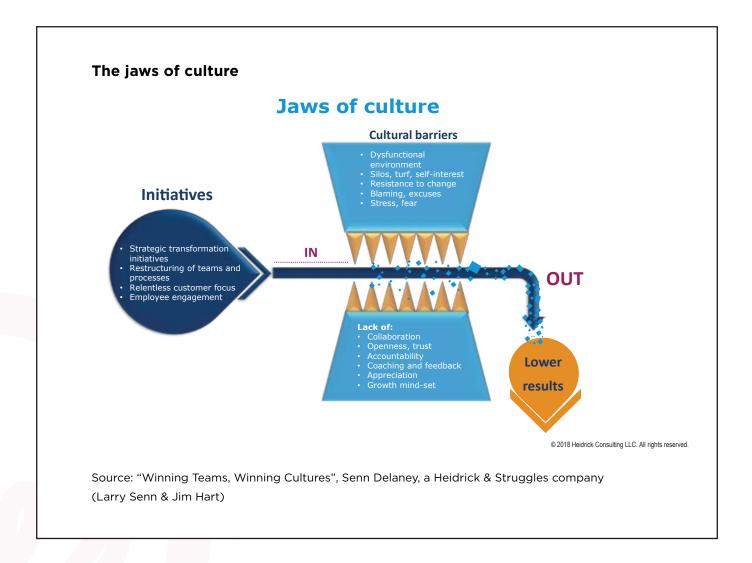
META factors for digital acceleration

As a critical first step to unlocking the promise of digital, organisations need to build a common understanding of where they fall along the journey to digital acceleration so executives can align on the areas to invest the time and resources needed to build a fully digital culture. This should be done at the individual and organisational level using the four elements of Mobilising, Executing, and Transforming with Agility ("META").

At the individual level, companies should assess the level of digital dexterity in their leaders, based on the four elements of META. Knowing the strengths and gaps in leadership capability for digital transformation will allow the top team to develop capabilities among existing leaders, as well as highlight where they may need to make hard choices about leaders who are not the best fit for their role.

At the organisation level, companies can also look at how they are performing against the META elements. The right corporate culture would assume underlying success in all of the factors listed below.

1. *Mobilisation* – empowering leadership; strategic sponsorship; digitised journeys.
2. *Execution* – digital capabilities; process adaptation; structural fluidity.
3. *Transformation* – technology adoption; co-creation currency; speed to innovate.
4. *Agility* – supported change; adaptive culture; continuous learning.

The behaviours that are so often in evidence during challenging transformations — resistance, passive aggressive attitudes, and silos, to name a few — are powerfully felt, although they cannot be seen or touched. These significantly impede progress (see box, "The jaws of culture").

The jaws of culture

Jaws of culture

Cultural barriers
- Dysfunctional environment
- Silos, turf, self-interest
- Resistance to change
- Blaming, excuses
- Stress, fear

Initiatives
- Strategic transformation initiatives
- Restructuring of teams and processes
- Relentless customer focus
- Employee engagement

IN

OUT

Lack of:
- Collaboration
- Openness, trust
- Accountability
- Coaching and feedback
- Appreciation
- Growth mind-set

Lower results

Source: "Winning Teams, Winning Cultures", Senn Delaney, a Heidrick & Struggles company
(Larry Senn & Jim Hart)

Accelerating a shift in culture

What should the leaders of organisations do to create a culture that supports their digital transformations? Four principles help to embed the digital mindset.

1. *Purposeful leadership*.
The organisation needs to know that the CEO and the executive team are fully committed to the changes, this is not something that can just be left to a chief information officer or chief technology officer. Linking the initiative to the organisation's overall purpose, strategy and customer proposition gives context and credibility.

2. *Personal change.*
Success in the digital space means that leaders have to be the role models for the behaviour that they want to see in others. This starts at the most senior levels. Here's an example of an "ah-ha" moment for one CEO about a lack of accountability in his organisation: "I was telling the analysts that we had missed our revenue targets because of uncertainty over Brexit. My insight was that all my competitors were dealing with the same challenges better than we were, and a recognition that accountability starts with me."

3. *Broad engagement.*
It is vital to create energy and critical mass for a digital transformation. Visible credibility from senior leaders and a strong message that it is about getting the whole organisation engaged, and not the latest IT project or something that can be left to a project team. Organisations have strong cultural antibodies that show up in scepticism and a lack of trust.

4. *Sustainability.*
Address the legacy practices that will slow or stop the organisation. A fundamental part of the process is to understand the impact of performance measures (particularly incentives), communications and other processes.

A cultural transformation in Asia

An example of a company that has emphasised cultural change as a foundation to digital transformation in Asia is Rolls-Royce. As a company, it committed to creating what it calls a "High Performance Culture" (HPC). This initiative shifted the company's focus away from a legacy, engineering focused mindset towards a blend that included greater customer engagement and a digitally enabled focus. Critical to this transformation was creating more inclusion, trust and collaboration.

A senior Rolls-Royce executive recalled an eye-opening moment when he realised the powerful benefit of HPC. One aspect of the company's digital transformation journey was a significant business restructuring. The leadership teams of one business area were asked to put forward proposals on the restructuring.

"At first, we started down the expected path of 'turf war' type behaviours. Surprisingly, however, the shared language created during the HPC process allowed a small group of more 'enlightened leaders' to embrace a bigger team perspective and they encouraged individuals to be committed to the success of the overall outcome, not just their own part of it. The results were that the change happened quickly, with more alignment, and far less resistance than anybody expected. The story of the way that team overcame the challenge became a role model for others to emulate as it was so successful."

To achieve its ambitious digital aspirations, Rolls-Royce has created a global digital academy that leans heavily on the HPC concepts and methods to achieve the scale and potential of digital initiatives in the short and long-term.

For Asia specifically, the culture-shaping process has helped to eliminate silos and increase speed to scale in unexpected ways. As business and cultural realities are quite different across the region — from Bangalore to Singapore to Shanghai — the common language, shared beliefs, and alignment to a single purpose has increased collaboration and knowledge sharing. It also increases employee engagement and motivation.

The competitive advantage of going digital comes from executing faster than your competitors. In the excitement to charge towards a digital future, company culture and talent are often afterthoughts. Ignoring the need to create a digital-ready culture will result in suboptimal outcomes and ultimately an organisation that is unable to keep pace with digital disruption. ■

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This article is excerpted and adapted with permission from a report titled "Building a digital culture" by Chad Carr and Scott Snyder first published by Heidrick Consulting on 4 June 2019.