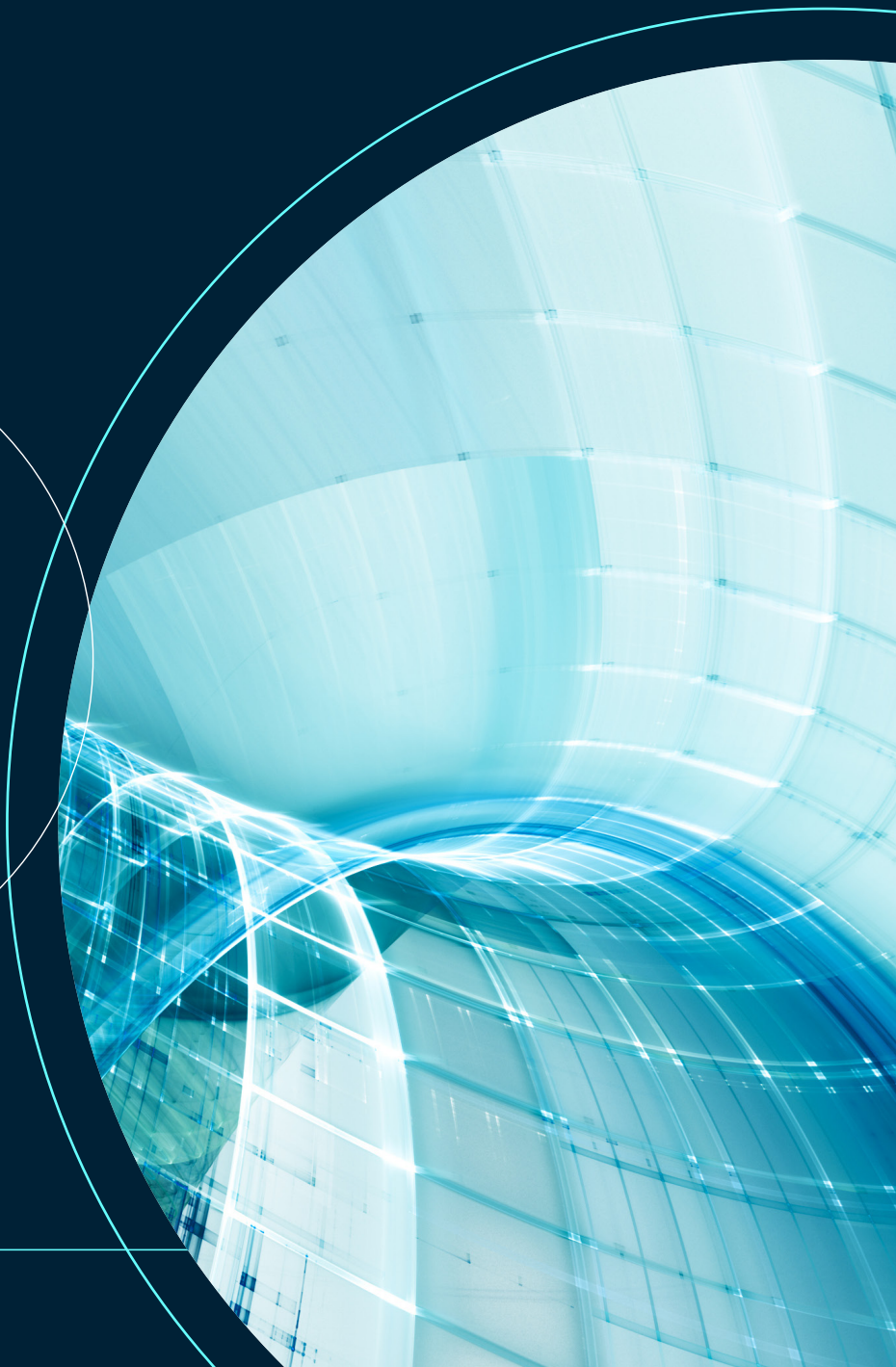
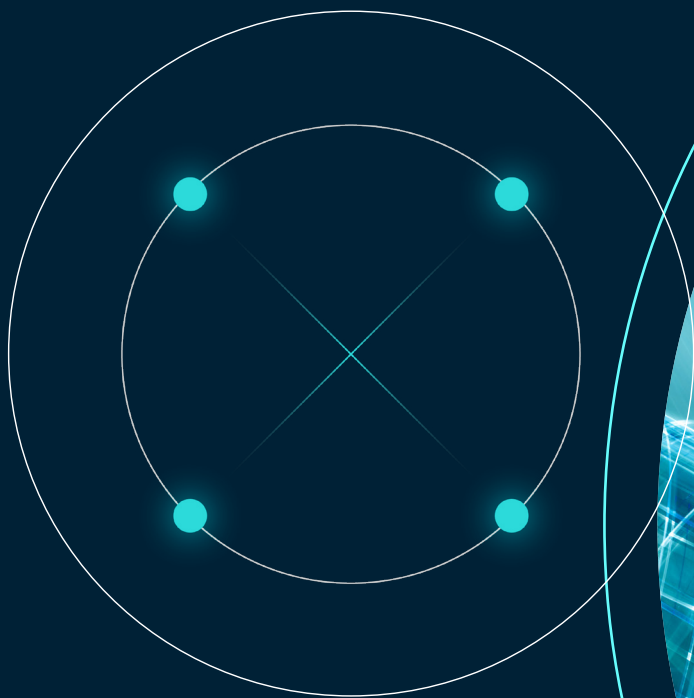


Digital **culture** playbook

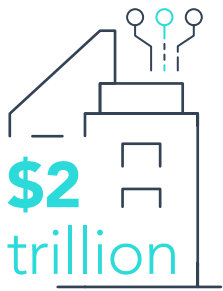


Talent Over Technology

Culture's critical role in any digital transformation



Digital has evolved from being viewed as a future capability, to a strategic priority to now being business as usual (BAU) throughout all operations in an organization. Organizations have been and will continue to transform digitally.



[Organizations are projected to spend nearly \\$2 trillion on digital transformation in 2022, according to the International Data Corporation.](#) Yet, as important as technology is, creating a strong culture is even more critical. Former Heidrick & Struggles colleague Scott Snyder outlined the concept of “valuing talent over technology” as one of six rules in his book [Goliath's Revenge: How Established Companies Turn the Tables on Digital Disruptors](#).

While it is true that tech giants such as Amazon, Google, and Netflix have business models founded on seminal technologies, these businesses are also founded on incredibly strong cultures. In his book *Work Rules!*, Laszlo Block shared secrets of Google's high-performance culture. And Netflix CEO Reed Hastings has made Netflix's culture of freedom and responsibility famous through his book *No Rules*.

In a recent study of digital transformations, [BCG](#) found that organizations who focused on culture were five times more likely to achieve breakthrough performance than companies that neglected culture. And [McKinsey](#) claims that organizations that focus on culture and building capabilities during a digital transformation are two and half times more likely to succeed. [MIT Sloan Management](#) was even more pointed: “For many legacy companies, culture change is the biggest challenge of digital transformation.”

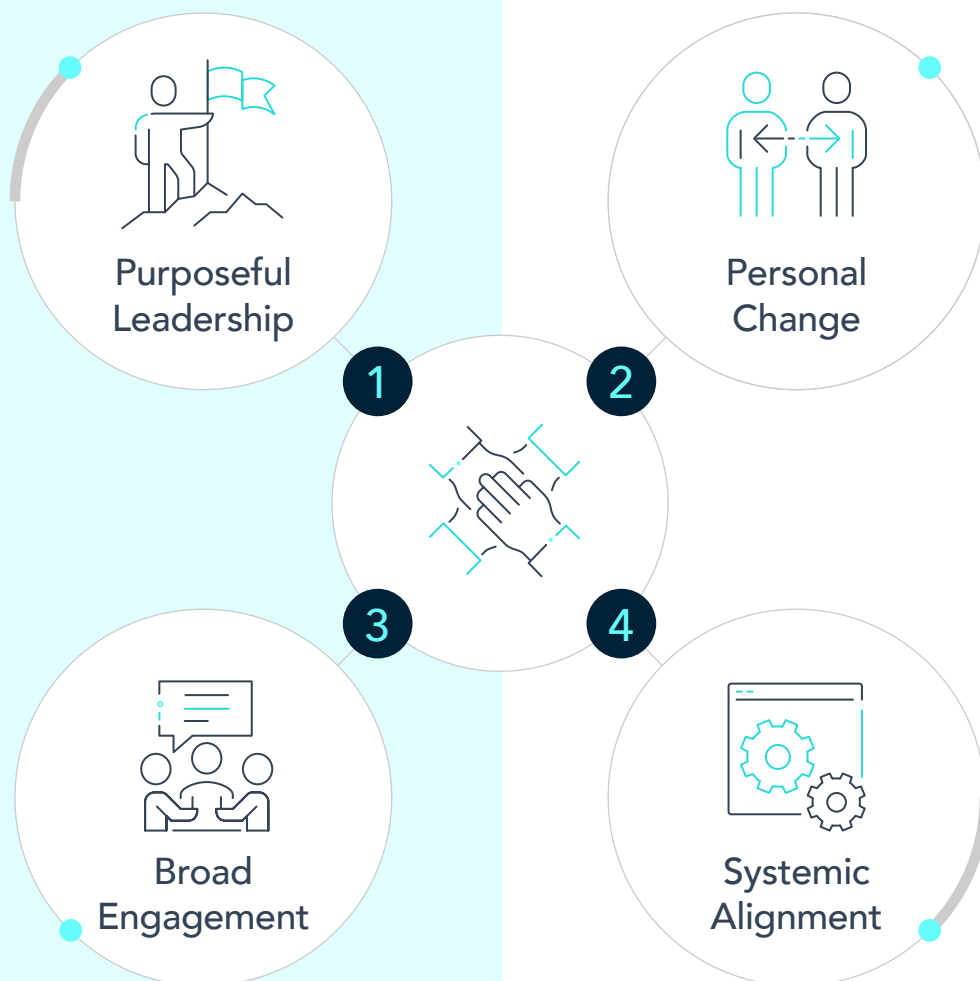
“For many legacy companies, culture change is the biggest challenge of digital transformation.”

But here's the thing: **there is no such thing as a "digital culture."**

Digital is another—often key—component of an organization's strategy. The organization's culture needs to be shaped to embrace and accelerate digital and innovation as critical topics but also needs to embrace, shape, and reinforce other related priorities—for example, sustainability, diversity, and simplicity.

Your culture can accelerate digital transformation and innovation more broadly through the following four principles of culture shaping: purposeful leadership, personal change, broad engagement, and systemic alignment.

Four principles of culture shaping



Principle 1

Purposeful Leadership



We know that organizations become the shadow of their leaders. In most digital transformations, the most senior leaders will not be the ones actually interacting directly with the very technology that will deliver the organization's strategy. But in the same way that leaders sponsor their organization's strategy, they must authentically sponsor the culture that will deliver it.

As a leadership team, you should be asking the following questions:



Does our organization have a crisp articulation of how digital will deliver our purpose and strategy?



What are the specific expected goals and results digital will enable?



Is it clear how all of our digital priorities and projects come together?



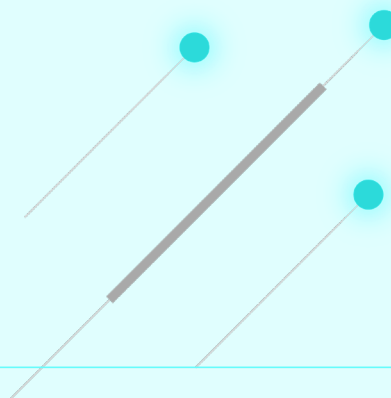
What is the talent requirement to deliver these?



And, most crucially, how will our culture enable all of the above?

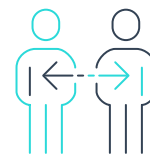
Purpose motivates people, and there's a genuine opportunity for a digital transformation to explicitly deliver against all elements of the treble bottom line: people, profit, and planet. For example, consider how digital technologies could enable a packaging company to build a strategy based on smart packaging, which enables a completely new organizational purpose, better engages employees, creates a new profit pool, and enables circular, recyclable packaging which is better for the planet.

When in doubt, the CEO and executive team should overstretch in creating a clear and compelling case for culture enabling and accelerating digital transformation—with the CEO, CHRO, and digital and technology leaders playing active roles.



Principle 2

Personal Change



People, starting with the most senior leaders, need to rewire old habits and mental models and commit to new personal behavior changes.

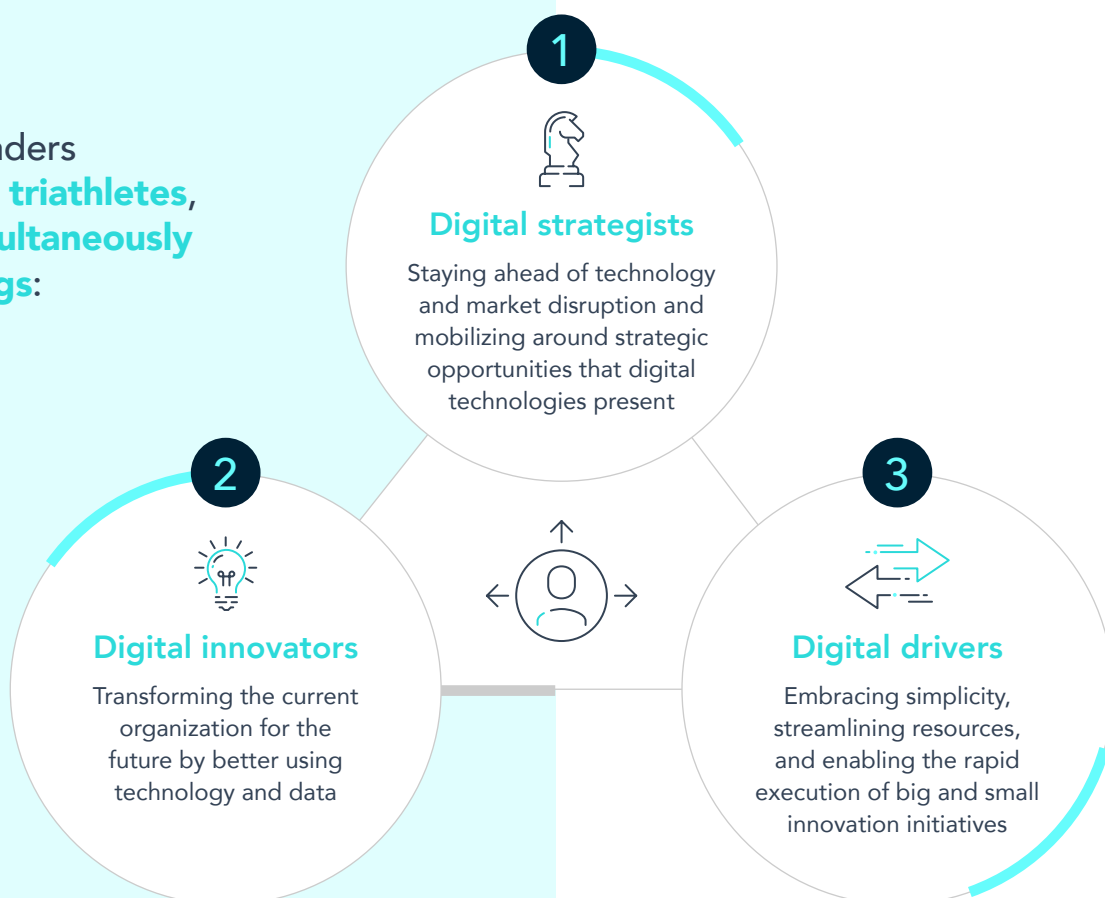
You can help people do this by sharing a tangible “from... to” that outlines new behaviors, mindsets, and ways of working—with explicit expectations for driving these in certain use cases. A tangible example could be “from making decisions based on intuition to making decisions based on data.”

Digital natives—often employees who regularly interact with data and digital technologies—will typically be closer to the “to” than more-senior

leaders who have often been successful in ‘pre-digital times’. So, even more work is required in helping more-senior leaders make personal changes, and digital natives can reverse-mentor them.

There is a requirement for all leaders to change how they think and behave. If they do not, the shadow of their leadership will weaken the culture required to successfully deliver on a digital transformation.

We talk about leaders becoming **digital triathletes**, which means **simultaneously being three things**:



Principle 3

Broad Engagement



In any culture change, velocity matters. As a leader, how can you create energy and excitement around your digital transformation and the culture required to deliver it? We know that the faster the whole organization engages in any culture process, the higher probability the culture will shift.



Every employee is and will increasingly be affected by new digital technologies in how they deliver their work, so every employee needs to be immersed in experiences and content to enable them to make personal changes on the “from . . . to.”



While you want consistency in the desired “to” mindsets and behaviors, these need to be brought to life to reflect local context. What is needed in a customer-facing role will be different than what is needed in a back-office function.



It is often a good idea to lean on those employees already living digital mindsets and behaviors—such as data scientists, customer experience designers, frontline technicians, and business analysts—to help engage, lead, and coach the broader population.

Principle 4

Systemic Alignment



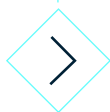
All transformations require changes to a mixture of what can be described, metaphorically, as “software” (specific mindsets, behaviors, and habits) and “hardware” (structures, systems, and processes). In order to align and reinforce the desired culture, organizational hardware also needs to be tweaked. For example, you might consider the following:



Rather than people being limited to working only within their business or function, what’s the opportunity to accelerate collaboration by more fluidly resourcing projects across an organization?



Rather than measuring people only on what they achieved, what’s the opportunity to appraise people’s performance based on what they tried and learned?



Rather than having systems where it is hard to access data, what’s the opportunity, within reason, to liberate an organization’s data and make it accessible to all?



And, how do you design the organization so that you have your highest-potential people in roles that can exponentially impact organizational performance through new technologies or digital projects?

While there is much to learn from how the digital giants have generated unique cultures, there are also cautionary tales. A continuous quest for high growth can create challenges for organizations—many have had their cultures come under question in recent years.

In addition to creating a future-ready culture as outlined above, seeking some organizational stability and acting with integrity should be non-negotiable elements of any culture. Much like digital products

are never done and are continuously releasing new features, cultures must be continually shaped.

Those organizations that truly see culture as an enabler of digital transformation will see themselves on the right side of the odds for success.

Even the mighty Amazon is clear on what is required for a successful digital transformation:

“Lead with culture, enable with technology.”

Heidrick Consulting

We work across practices and offices to address our clients' most pressing challenges, bringing together our expertise in:

- Leadership assessment, development, and coaching
- CEO, board & team acceleration
- Organization acceleration and culture shaping
- Digital acceleration and innovation

Our breakthrough analytical tools use data and technology to bring science to the art of human capital development and organizational design. Paired with our groundbreaking approach to culture shaping and digital transformation, our clients can shift their mindsets to deliver measurable, lasting changes in performance and thrive in the new era of digital disruption.

As one united team, we acquire a deep understanding of the threats and opportunities our clients face, then bring together a customized configuration of tools, approaches, and experts needed to address them. The result: great leaders, effective teams, and powerful, adaptive cultures that can accelerate performance, effect transformative change, and boldly create the future you envision.

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