Why is it important to understand digital transformation as a culture change?

Many of the companies usually associate digital transformation with technological developments such as artificial intelligence, blockchain, cloud computing or Industry 4.0, and new forms of digital products & services.

But if we are talking about the practical implementation in our daily business then it is more than this, there is still some important fact missing – *the culture change*.
Because the new technologies and the digital connection are fundamentally changing our everyday life, our society and our working environment. The key question in view of digital transformation is: where do companies have to kick off in order to successfully shape their corporate culture?

Culture as an accelerator for digital transformation

Contrary to the widespread assumption that digitalization will primarily cost a lot of jobs the real challenge is rather that the world of our work as such is changing! It is already becoming apparent that machines will soon be able to do certain things better than the humans will do. This development is not to be equated with the loss of importance of the human being in the economy.

That is why the reaction to digital transformation must not be fear or sticking to the status quo. Rather, the cultural change in our world of work associated with the digital transformation must be actively driven and shaped! And not surprisingly the focus is on people with their needs and behaviors!

New skills such as those for human-machine interaction are just as necessary as those for teamwork and networking, which are becoming increasingly important in the new world of work. Therefore, in addition to the medium and long-term adjustments in the education and training system a change of the corporate culture is inevitable.

If we look at criteria like

- type of collaboration
- digital-first approach
- innovation
- open corporate culture
- agility and flexibility
- customer focus
- data-driven approach

according to which various studies measure the digital maturity level of companies, we can see that most of them are cultural and not technology-oriented aspects.

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Especially when it comes to the connection between corporate culture and innovations. It becomes clear how closely the two topics are linked. Companies that do not have a digital corporate culture can only implement innovations with difficulty, very slowly or not at all.

Therefore, culture is either the biggest obstacle or the strongest accelerator of digital transformation and innovation.

What we can learn from start-ups?

When it comes to cultural change and innovative corporate culture, both large corporations and medium-sized companies can learn from startups.
In particular, the opportunity to test out and fail fast of new forms of work and organizational structures such as Holocracy is very attractive to the start-up scene.

Due to their size and loose hierarchies, but above all because of new organizational forms of work, startups create ideal framework conditions for implementing innovations quickly. Startup structures are also considered to be particularly adaptable and agile – characteristics that contribute significantly to the success of companies in a dynamic market environment.

Particularly in situations in which companies are competing with products around the world and the market is characterized by "disruptive" upheavals, it can be vital to be able to react quickly to changes. If a corporate culture is characterized by rigid hierarchical structures, it is more difficult to make adjustments in the shortest possible time and to react flexibly to new situations.

As we can observe, some of the large corporations are already using potential of the "Startup Model" by establishing small individual business areas within their group structure or by directly cooperating with young startups by providing them with space, capital or know-how. To create room for exchange various initiatives that bring industry-specific companies together are required.

Cultural Change as key for digital transformation

Thanks to digitalization, information and knowledge are now potentially available anywhere and at any time. This opens up numerous new opportunities in the field of education and training, but also in the implementation of organizational and working structure.
The digital change is therefore much more than a technological development. It changes us humans in many ways due to changed framework conditions. Digitalization also speed up processes enormously which changes our needs and expectations dramatically.

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As consumer we find out every day that all goods in the world are just a click away. Thanks to improved logistics processes delivery times are getting shorter and the products are getting faster to the consumer.

This cultural change triggered by digitalization is also the key to digital transformation in companies. Companies have to learn to deal with changing expectations of customers. And we are not only affected by the cultural changes as customers, but also as employees or cooperation partners.

Cultural Change is the answer to the challenges of digital transformation and companies has to address this cultural change.

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