Digital transformation: Lead with culture, enable with technology
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Beyond simply allowing organisations to compete and survive in an increasingly volatile economic and political climate, digital transformations promise a wealth of other benefits. Among these are a path to further growth, more relevant products and services, increased customer satisfaction, reduced delivery risk, and superior employee retention.

Those organisations I’ve witnessed becoming more digitally mature are not only reaping the rewards in their own businesses; they are also raising the bar for entire sectors in ways that would be simply unimaginable a few years ago. Naturally enough, advocates for digital transformation play up these successes, citing example after example of organisations that have disrupted their markets and pushed competitors to the side-lines. Unfortunately, this is not the common story. In reality, too many transformations are failing to achieve some or many of their cited benefits.

About the author

Phil Le-Brun
Enterprise Strategist, AWS

Phil Le-Brun joined AWS as an Enterprise Strategist and Evangelist in September 2019. In this role, he shares practical lessons from his experiences implementing technology at scale. He uses these lessons to help enterprises succeed in achieving their own cloud-based technology goals to support organisational agility and customer-centricity. Before joining AWS, Phil served as Corporate VP, Global Technology Development at McDonald’s Corporation.
One of the most common causes I see for the failure of transformation projects is that many are treated as technology projects first, rather than the business culture transformations they actually are. As Gartner highlights, 46% of CIOs identified this culture change as the biggest barrier to scaling digital transformation efforts.

*"The Art of Culture Hacking", Gartner, 2019
Culture is a double-edged sword, embedding previously successful working practices and rituals, whether good or bad. This makes changing culture fundamentally difficult – a reason many companies revert to changing technology as a substitute. Inertia is created by biases towards the status quo and an over emphasis on the importance of past successes. Without a clear, pragmatic cultural and behavioural change strategy, large scale digital transformations are likely to fail in the face of complacency, suspicion, and hostility.

But before we start to consider a cultural change, it is important to step back and clarify what such a change is designed to achieve. At the top of the list, might be increasing responsiveness to changing customer needs and expectations. Agile organisations embrace new ways of working such as experimentation, true customer-centricity, and autonomous teams that take end-to-end ownership for outcomes. All of these are centred on the need to deliver a better service to customers. They must also appeal to the hearts and minds of employees if they are to be embraced and effectively implemented.

That said, a successful transformation agenda must differentiate between what needs to change and some long standing, pervasive qualities of an organization that do continue to contribute meaningfully to their success. An ill-considered, indiscriminate behavioural transformation strategy is as big an existential risk to a business as not transforming at all.

Many leaders understandably view such changes with trepidation, given the potential barriers and time and resources required. This can lead to ‘transformation paralysis’ with the scale of the change preventing even the most basics steps forward. So how can this be addressed?

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Leadership, speed, and autonomy: the three habits of successful transformation

There are three common themes we see in organisations who transform their cultures to become “digital”:

1. **Persistent leadership from the top**, driving an inspirational purpose and direction throughout the organisation

2. **Delivery speed and momentum**, both for the change initiative itself and for the products and services being produced, to create a virtuous cycle of change and feedback, and to overcome change fatigue

3. **Mechanisms for autonomy**, which encourage and reward new working practices and accountability at all levels.
If cultural change is to be accepted by employees, it must be seen to be embraced and acted on by leaders at the very top of the organisation. Yet so often this is where the seeds of transformation failures are planted. Clarity and uniformity of purpose across the leadership team, which is then communicated to employees consistently, is key: ‘What are we doing?’ ‘Why are we doing it?’ And, one of my favourite questions to ask in the last few years, ‘What problem are we trying to solve?’ Often, we race into finding solutions to a poorly defined or agreed problem, launching transformation efforts on the flimsiest of agreements and understanding about what success looks like and how we get there.
Critical to success is the ability to communicate the purpose – the so-called “North Star” – relentlessly throughout the organisation, galvanising and exciting staff about the opportunities to come. Where I see companies who are successful with transformation really stand out, however, is not only in their ability to deliver this inspirational purpose, but also to ensure the message is clear and unambiguous. Good leaders must be able to join the dots between the organisations’ aspirations and what this means for their functions, showing teams how their role contributes to the success of the organisation.

The same approach needs to be applied to working practices. Established practices, whether appropriate or not, provide a familiar shape and structure to our day. Being asked to leave them behind with little idea of what will replace them inevitably gives rise to fear and resistance that can quickly stall a transformation. For that reason, inclusivity must be at the heart of any change programme; a dialogue with those affected rather than a monologue directed at them. If one feels engaged and involved in the changes taking place around us, we are more likely to embrace them. If not there will be suspicion, uncertainty, and anxiety. As individuals, most of us have felt this, so why would we assume our own employees will be any different?

Open lines of communication also help employees expose derailers and concerns early, and minimises the risk of missing out on ideas to accelerate transformations. In today’s world, even the most inspirational, experienced leader cannot know everything, so digging deep into your own organisation is a potent way to unleash significant potential.

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Another common theme I see in successful organisations is that they recognise the importance of visible, quick wins to achieve momentum and to demonstrate change is underway here and now, rather than being an abstract future concept. When done well, this momentum creates a virtuous cycle; changes that produce a step forward in results which then encourage further changes. This in turn widens the circle of change champions within the organisation, who in turn drive further improvements.

Some of these quick wins might seem tangential to the desired business outcome. But they will help humanise the change by improving employees’ workplace experience in any number of small ways. Another important consideration here is to give employees the tools and time they need to learn and adapt.

Want to become more of a product-centric organisation? Train everyone in the language of agile. Want to accelerate decision-making? Give everyone training on a common framework. Want to encourage experimentation to accelerate learning? Recognise the learnings from these with new rewards and recognitions. Creating a new shared language and experience is a powerful tool in itself.
What often defeats attempts at evolving an organisation’s culture is change fatigue. Too often this comes from attempting to manage the process as a one-time major waterfall initiative, imposed on top of other demands. Most organisations that have successfully been through major change manage it as a series of ongoing incremental steps and experiments to nudge, cajole, and encourage employees along the path of behavioural change. This can mean taking many, many steps towards an evolved state, with each step practised until it is embedded within the new culture. A methodology for such step-by-step evolution, recommended by Gartner, is that of culture hacking. Culture hacks are “small adjustments to culture that garner big results”, some everyday examples of which are illustrated in Gartner’s research note ‘The Art of Culture Hacking’ (See page 15).

There is a caveat here: watch for unexpected and undesired behaviours that might result if such metrics are used in isolation from the values and purpose of your organisation.

Finally, turning purpose into tangible metrics which everyone can use to measure, adjust, and celebrate progress day-to-day is incredibly powerful. Time-to-market or time-to-customer are both popular here, as they embed so much of what an agile organisation is about. But

Avoid change fatigue with incremental steps

Measure success with metrics everyone understands
I frequently hear within AWS, and from our customers, the subject of autonomy discussed as a critical element in modern day organisations. Autonomy gives employees leeway to experiment, learn, and accelerate their development, and gives you a tap to turn to unleash the talent you already have.

The benefits of autonomy and autonomous teams are well documented. Improved motivation and retention, richer innovation, faster returns on investments, and rapid responses to customer needs are all galvanised by pushing more decision-making deeper into an organisation. In contrast, in many traditional organisations, decisions go through multiple layers of management approval. This is often in the pretence that more planning and oversight leads to greater certainty, while also disassociating individual employees from accountability for desired outcomes. Consequently, we’ve often grown numb to the results: slow progress and finger-pointing when mistakes are made or timelines missed.

Agile organisations make and act on decisions as close to the customer as possible. This means teams gain continual feedback and can act on it more quickly. Learnings happen faster and are incorporated into the next round of changes, reducing risk and improving time-to-market.
Controlled autonomy requires redistribution of power

For some leaders, letting go of some of their traditional decision-making roles can be deeply uncomfortable. Not only do they need to deliberately abstain from making certain decisions, they also need to fulfil a coaching role in helping their own teams accept accountability for decisions. So for every decision that has to be made, my advice is always to start by asking “why do I need to make/be involved in it?”

True autonomy isn't just an amped up version of delegation but a more permanent and broader redistribution of power. This can be something that is deeply uncomfortable for leaders worried about organisational stability and personal value. I would encourage experimentation and starting small here too: pick a single initiative, form a team, bring in a coach, and bring these concepts to life in a way that allows you to reflect and learn in preparation for scaling up the change process.

So how to ‘let go’ with confidence as part of the wider process of cultural change? Much can be learned from our own learnings on ‘controlled autonomy’. Specifically how, over the years, AWS has used a system of “guardrails” and key principles to empower teams to make business-changing decisions without also exposing the organisation to the risk of catastrophic business failure.

“Try experimenting by starting small: pick a single initiative, form a team, bring in a coach— and bring these concepts to life”
A culture of innovation: the AWS approach

AWS has lived the process of behavioural and cultural change since its inception. Much of what we have learned as part of our own experience we can offer to customers in the form actionable, proven methods. Some of the fundamentals are:

Amazon Leadership Principles

There are fourteen leadership principles that guide and inspire Amazon staff every day. For instance, the ‘Customer Obsession’ principle directs everyone to think in a way that is truly in the best interests of the customer, and align their actions accordingly. Each principle is simple, organisationally ingrained and continually reinforced through peer support and day-to-day usage.

Escalation

Far from being seen as a sign of failed working relationships, escalations are encouraged to prevent any friction or issues damaging organisational culture or slowing down progress. Leaders don’t act as judges, but as allies in removing obstacles. This creates opportunities to coach teams and to treat mistakes as learning experiences, allowing employees to feel confident and secure in their decision making.

One-way and two-way door decisions

Two types of decisions are identified in AWS. Two-way doors are decisions that can be easily reversed if found to be wrong. One-way door decisions are further reaching and harder to undo. Granting autonomy to teams for two-way door decisions enables leaders to spend more time and effort on fewer, more critical decisions.

Agreed standards

Establishing autonomy means being explicit about the standards teams are expected to meet. These standards can include clearly communicated KPIs, particular ways of working, or technology standards such as the use of APIs for instance. Standards, when done well, also make it easier for every team to focus on the most important aspects of their role.

By adopting these and other AWS principles in a way that suits your organisational culture, you will find they operate as effective guardrails to support teams in their new-found autonomy, rather than restricting or frustrating them in their efforts.
The McDonald’s Experience

In 2017, McDonald’s embarked on an ambitious digital transformation project which included establishing home delivery as a major customer channel, growing to become a $4bn annual business in just two years. This was complemented with the deployment of eCommerce capabilities to over 21,000 restaurants. These projects fundamentally changed the customer engagement model by offering multiple ways to order and collect food from thousands of restaurants.

Although now highly regarded by customers for the ease and convenience it brings to their McDonald’s experience, it was a transformation that required enormous cultural change. From the outset, visible, swift and meaningful action was taken to send a clear signal that this was no short term tweak of the organisation but a deep dive into the fundamental structures and values of its culture. That came in the shape of eliminating an entire regional level of management to accelerate decision making and freeing up $500m in G&A to drive the ambitious new plans forward.

An important part of the culture shift required was to persuade staff at all levels to embrace a new mindset for measuring the success of their own efforts and the efforts of others. By adopting the mantra of ‘Progress over Perfection’, staff were given permission to move fast, to take ownership of their ideas, and to work in a way that prioritised speed and effectiveness over elegance. This was a radical change in a company that had previously attempted to test every product to perfection.

Coupled with this was a change in focus that saw the company at last live the promises of ‘Customer Centricity’ it had talked about for so long. Long standing customers’ demands, such as all-day breakfasts, became a permanent fixture on many McDonald’s menus. This was just one of many signals that was sent to ensure employees knew customers’ wishes were to be at the very heart of the company’s decision making.
About the Enterprise Strategy Team

Utilising their background as former C-level leaders who have led enterprise transformations, the AWS Enterprise Strategy team works with C-level leaders from the largest enterprises to share experiences and strategies on their digital transformation journeys. In doing so they help enterprises identify and accelerate the adoption of new ways of working and technology that can increase innovation and agility.

Phil Le-Brun,
AWS Enterprise Strategist

Have questions about your cloud strategy? You can find him on on [LinkedIn](https://www.linkedin.com) and on Twitter [@pleb1](https://twitter.com/pleb1)

Executive perspectives on enabling cloud innovation and transformation through culture, talent, and leadership.

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