Building Digital-Ready Culture in Traditional Organizations

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Dr. George Westerman

Senior Lecturer, MIT Sloan School of Management

Principal Research Scientist, MIT J-WEL Workforce Learning

georgew@mit.edu +1-617-253-2939

The First Law of Digital Innovation:

Technology changes quickly.

Organizations change much more slowly.

Source: G. Westerman, "The First Law of Digital Innovation," *MIT Sloan Management Review*, April, 2019. https://sloanreview.mit.edu

It's NOT a technology challenge.

It's a LEADERSHIP one.

The First Law of Digital Innovation (extended)

Technology changes quickly.

Organizations change much more slowly.

Organizational cultures change *even more slowly.*

"Culture is what happens
when the boss leaves the room."

-- Anonymous

What is DIGITAL-READY CULTURE?

A **SHARED** and **MUTUALLY-REINFORCING** set of

VALUES and **PRACTICES**

that enable high performance in service of

INNOVATION and EXECUTION

in a digital world

Foster Digital-Ready VALUES

IMPACT

Change the world radically through constant innovation

SPEED

Move fast and iterate rather than waiting to have all the answers before acting.

AUTONOMY

Allow people high levels of discretion to do what needs to be done, rather than relying on formally structured coordination and policies.

OPENNESS

Engage broadly with diverse sources of information and insight; share advice and information openly rather than keeping knowledge to oneself.

THE SPECTRUM OF DIGITAL AND TRADITIONAL PRACTICES

Here's what culture typically looks like in digital and traditional organizations. Practices range from rapid experimentation to strict rule adherence, with some overlap between the extremes.

DIGITAL PRACTICES

TRADITIONAL PRACTICES

Rapidly experimenting	**Self-organizing**	**Driving decisions with data**	**Obsessing over customers**	**Focusing on results**	**Acting with integrity**	**Seeking stability**	**Strictly conforming to rules**
Constantly and systematically experimenting, learning from the results, and quickly applying new insight	Collaborating fluidly across functional, geographic, hierarchical, and organizational boundaries to get things done	Collecting and using accurate data to make decisions and solve problems	Maintaining continual focus on meeting the stated and unstated needs of current and potential customers	Continually striving for measurable results instead of just processes and promises	Being honest, behaving ethically, and striving for positive outcomes for all stakeholders	Aiming for reliability and predictability in stakeholder interactions, operations, and employee work life	Seeking to avoid problems and maintain reliability through rules orientation

Source: G. Westerman, D. Soule, and A. Eswaran, "Building Digital-Ready Culture in Traditional Organizations,"
MIT Sloan Management Review, May 2019. https://sloanreview.mit.edu

Build Digital-Ready PRACTICES

Build

Rapid experimentation
Self-organizing
Data orientation

Reorient

Customer responsiveness
Results orientation

Preserve

Integrity
Stability

STOP

(Rules orientation)

Source: G. Westerman, D. Soule, and A. Eswaran, "Building Digital-Ready Culture in Traditional Organizations," *MIT Sloan Management Review*, May 2019. https://sloanreview.mit.edu

Our Panelists

Cynthia Stoddard

Senior Vice President &
Chief Information Officer

Adobe

Shamim Mohammad

Chief Information and
Technology Officer

Carmax

Thank You!

George Westerman
georgew@mit.edu, @gwesterman

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George Westerman, Deborah L. Soule, and Anand Eswaran •

Harvard Business Review

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TURNING TECHNOLOGY
INTO BUSINESS TRANSFORMATION

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MIT Sloan Management Review,
Summer 2019
Best Articles of the Year (2019)

Harvard Business Review
Jan-Feb 2020
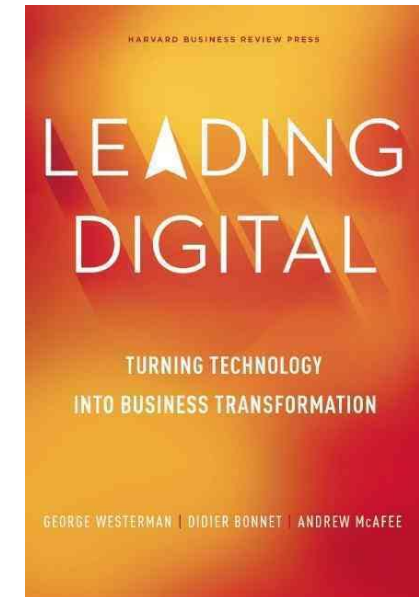
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