Building Digital-Ready Culture in Traditional Organizations

MIT CIO Digital Learning Series
October 14, 2020

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.

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.

<table>
<thead>
<tr>
<th><strong>DIGITAL PRACTICES</strong></th>
<th><strong>TRADITIONAL PRACTICES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rapidly experimenting</strong></td>
<td><strong>Self-organizing</strong></td>
</tr>
<tr>
<td>Constantly and systematically experimenting, learning from the results, and quickly applying new insight</td>
<td>Collaborating fluidly across functional, geographic, hierarchical, and organizational boundaries to get things done</td>
</tr>
<tr>
<td><strong>Driving decisions with data</strong></td>
<td><strong>Driving decisions with data</strong></td>
</tr>
<tr>
<td>Collecting and using accurate data to make decisions and solve problems</td>
<td>Maintaining continual focus on meeting the stated and unstated needs of current and potential customers</td>
</tr>
<tr>
<td><strong>Obssessing over customers</strong></td>
<td><strong>Obssessing over customers</strong></td>
</tr>
<tr>
<td>Continually striving for measurable results instead of just processes and promises</td>
<td>Being honest, behaving ethically, and striving for positive outcomes for all stakeholders</td>
</tr>
<tr>
<td><strong>Focusing on results</strong></td>
<td><strong>Focusing on results</strong></td>
</tr>
<tr>
<td>Continually striving for measurable results instead of just processes and promises</td>
<td>Aiming for reliability and predictability in stakeholder interactions, operations, and employee work life</td>
</tr>
<tr>
<td><strong>Acting with integrity</strong></td>
<td><strong>Acting with integrity</strong></td>
</tr>
</tbody>
</table>
Build Digital-Ready PRACTICES

**Build**
- Rapid experimentation
- Self-organizing
- Data orientation

**Reorient**
- Customer responsiveness
- Results orientation

**Preserve**
- Integrity
- Stability

**STOP**
- (Rules orientation)

Our Panelists

Cynthia Stoddard
Senior Vice President & Chief Information Officer
Adobe

Shamim Mohammad
Chief Information and Technology Officer
Carmax
Thank You!

MIT Sloan Management Review

Building Digital-Ready Culture in Traditional Organizations
Getting your company into digital shape doesn’t mean dumping everything that has made it strong.

George Westerman, Deborah L. Soule, and Anand Eswaran

Harvard Business Review

Artistic Resources
The Transformer CLO
The role of chief learning officers isn’t just about training anymore. It’s about building and managing relationships.

Harvard Business Review

Jan-Feb 2020

Top Ten Books of The Year
(Business Digest)
Silver Medal
(Axiom Business Book Awards)