PART ONE
Why you need a digital culture
The increasing pace of change

Since you have just picked up a book on digital culture, it is probably already pretty clear to you we live in a time of increasingly rapid change. The reality is, that change has created huge business opportunity, but in at least equal measure it has created some huge business challenges. The average life expectancy of a company has dropped from around 67 years in the 1920s (Coase, 1937) to around 10 years now (Iyengar, 2016). This should be a very sobering thought for anyone in business. The company that you toil and work so hard to make succeed is statistically unlikely to exist in a decade.

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Before we panic too much, the flip side of this is that we now have incredible organizations doing incredible things that we couldn’t even imagine a decade ago. The other thought that may help us sleep at night is that the world’s most valuable company, Apple Inc., is actually now 40 years old. However, the second most valuable company, Alphabet (the parent company for Google) is not even 12 months old at the time of writing, and Google itself is only 18 years old. Can you imagine trying to run an organization without being able to Google stuff? I am apparently old enough to remember this, but it seems an entirely foreign concept already.

Disruption

Industry after industry has been disrupted by technology in recent years. The music and movie industries actively tried to stick to their traditional business models while their customers around them completely changed how they consumed the media that was being sold. The disruption in both
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industries has been fast and it has been complete; the majority of teenagers no longer watch television in the traditional sense (Coughlan, 2016). If those teenagers are your target market and you haven’t adapted, you’re dead. Maybe you don’t care about the teenage market. Soon enough those teenagers are your adult market and if you haven’t adapted, you’re dead. Besides, every market is changing, and even if not completely, by a significant enough percentage to hit your bottom line if you don’t adapt.

If we read the official academic definition of marketing, it becomes pretty clear that active resistance to market changes is completely insane. The Chartered Institute of Marketing tells us: ‘Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.’ (CIM, 2016). But many industries, when technological disruption comes along, attempt to actively resist customer requirements. Customers have decided they want something different and the company’s reaction is to ignore the change and carry on regardless. However, in many cases the organizations may not be actively resisting, but the catch-up time between market change and company change is just too great.

Death by a thousand cuts

If it were just the occasional radical market change that was the problem, we would stand a chance of catching up. After all, even slow-moving companies can adjust and change given time, if there is a will to do so (and the will to change is incredibly important, and unfortunately, very often missing as we will discuss later in this book). However, the problem is that as soon as one change has happened another comes along, and we haven’t even adjusted to the first one yet. And then another comes along, and the first change is still not complete, all of our budget is allocated and we are not selling as well as we did, so we also make cutbacks in new projects. Over a very short period of time, this cycle is lethal. Not only are revenues probably being hit, but it very often leads to poor morale as the stresses of failing projects and falling revenues compound one another. This in turn leads to staff churn, making the problem even worse.

The radical solution in these downward spirals is very often a sudden change of leadership: a new, steady hand to get everyone back inline. However, when this change in leadership, after a short honeymoon period of positive thinking, also leads to very similar results, we are now even further in trouble. What we really need is radical change throughout every aspect of the organization.
Digital transformation

Understanding the core concepts behind digital transformation is essential to stop this cycle that leads to company mortality. Digital transformation is the process of making our organization fit for purpose in a radically changed environment. However, not only is the environment radically changed, but it will continue to change, and we need the ability to keep pace with this change.

### Digital transformation – yet another buzz term?

Digital transformation has all the signs of being a buzz term. It is mentioned at pretty much every business conference you will go to right now, consultants are offering expensive services to do it for you and most people don’t really understand what it is. This combination leads to a fair bit of natural cynicism on the topic. However, just like many things that are difficult within business, it is also too easy to dismiss the topic. In reality digital transformation is a phrase that means many things to different people, but at its heart it is about making our organizations effective in fast-changing environments.

### Beyond capability

Very often we will judge our current state of ability to operate in our current environment by looking at our ‘Digital Capability’. Digital capability is a list of topics that we need to consider when going through a transformation project. This might include things like IT and technical infrastructure, resources and measurement. Very often on this list we see the word ‘culture’ as a standalone heading. The reality is that we can’t just isolate this element of the transformation process, it affects every element of what we do.

Culture is the sum of the values, behaviours and ‘norms’ of those in your organization – which supports you today and may end up inhibiting your progress tomorrow. As we build an argument for a structured approach to building an effective digital culture, you will see that culture impacts everything else we do, and that is why the best way to deal with constant change is a change in culture.