

Capgemini Press contact:*Michele Moore**Tel: +44 (0)3709 053408**Email: michele.moore@capgemini.com***Brian Solis press contact:***E-mail: brian@briansolis.com***Cultural issues are the number one obstacle to digital transformation as digital cultural divide widens by 7% points compared to six years ago**

New report from Capgemini's Digital Transformation Institute and Brian Solis finds a major cultural disconnect between leadership and employees

Paris, June 8 2017 – [Capgemini](#), a global leader in consulting, technology and outsourcing services, and Brian Solis, a prominent digital analyst and world renowned author, have today announced the findings of [The Digital Culture Challenge; Bridging the Employee-Leadership Disconnect](#) report. The comprehensive research says that 62% of respondents see corporate culture as one of the biggest hurdles in the journey to becoming a digital organization. As a result, companies risk falling behind competition in today's digital environment. Furthermore, the data shows that this challenge for organizations has worsened since 2011 by 7 percentage points, when Capgemini first began its research in this area.

Employees don't see their company's culture as 'digital'

The report, which includes more than 1,700 respondents in 340 organizations across eight countries, uncovers a significant perception gap between the senior leadership and employees on the existence of a digital culture within organizations. While 40% of senior-level executives believe their firms have a digital culture, only 27% of the employees surveyed agreed with this statement. The survey asked respondents to assess their companies' digital culture based on seven attributes: their collaboration practices, innovation, open culture, digital-first mindset, agility and flexibility, customer centricity and a data-driven culture. Insights gathered from the report, and through a series of focus interviews, helped to identify some of the reasons behind this digital culture gap including senior leaders failing to communicate a clear digital vision to the company, the absence of digital role models and a lack of KPIs aligned to digital transformation goals.

Cyril Garcia, Head of Digital Services and member of the Group Executive Committee at Capgemini, said: *"Digital technologies can bring significant new value, but organizations will only unlock that potential if they have the right sustainable digital culture ingrained and in place. Companies need to engage, empower and inspire all employees to enable the culture change together; working on this disconnect between leadership and employees is a key factor for growth. Those businesses that make digital culture a core strategic pillar will improve their relationships with customers, attract the best talent and set themselves up for success in today's digital world."*

Key report findings show that there is a profound disconnect between leadership and employees on all the dimensions of digital culture:

- **Innovation is still not a reality for many organizations.** Only 7% of companies surveyed feel that their organization can test new ideas and deploy them quickly. This figure echoes employees' sentiment about culture of innovation, with only 37% of respondents stating that their organizations have a culture of innovation, experimentation and risk-taking against 75% of senior executives. Organizations need to actively reward risk-taking and create an environment where employees can experiment.
- **There is strong disagreement on collaboration practices.** The findings reveal a divide between senior-level executives and employees on collaboration practices. 85% of top executives believe that their organizations promote collaboration internally, while only 41% of employees agreed with this premise.
- **Leadership believes they have a digital vision, employees disagree.** The research found considerable differences between what leadership and employees perceive as a clear digital vision. 62% of respondents in leadership positions affirmed they have a well-defined strategy to achieve their digital goals, while only 37% of employees agreed with this statement.

The report highlights that companies are failing to engage employees in the culture change journey. Getting employees involved is critical for shaping an effective digital culture and accelerating the cultural transformation of the organization. Leadership and the middle management are critical to translating the broader digital vision into tangible business outcomes and rewarding positive digital behaviors.

Ian Rogers, Chief Digital Officer at LVMH said: *"The big moment for an organization is when they have embraced the fact that digital transformation isn't a technical issue, but a cultural change."*

Digital culture leaders set themselves apart

The research identified a group of digital culture 'front-runners' (34% of organizations surveyed) who performed consistently well across the seven dimensions of digital culture and whose leadership has largely succeeded in aligning the wider organization to the desired culture. The UK, Sweden and the US have a strong representation of digital culture leader organizations (63%, 60% and 56% respectively), while automotive (43%), consumer products (38%), and telecoms (32%) have the highest proportion by industry sector.

These digital culture front-runners tend to hire differently than their digital slow-moving counterparts, consciously looking for behavioral traits such as creativity and autonomy when recruiting - 83% of front-runners compared to 29% of the digital slow moving counterparts; adjusting role descriptions and KPIs to align with overall digital transformation (75% compared to 17%) and aligning their compensation structure to digital transformation objectives (70% compared to 13%).

How to create a digital culture?

Creating a digital culture and affecting change requires patience, tenacity and constant vigilance. The new report sets out some key elements needed for organizations to adopt a digital culture:

- Deploy digital change agents and empower employees to drive a digital culture
- Design new digital KPIs that focus on behaviors
- Make digital culture change tangible
- Invest in the digital skills that matter
- Clearly communicate a digital vision and have visible leadership involvement
- Use digital collaboration tools to increase transparency and to reach out to employees
- Take a systems thinking approach to culture change

“To compete for the future, companies must invest in a digital culture that reaches everyone in the organization. Our research shows that culture is either the number one inhibitor or catalyst to digital transformation and innovation. However, many executives believe their culture is already digital, but when you ask employees, they will disagree. This gap signifies the lack of a digital vision, strategy and tactical execution plan from the top”, said Brian Solis. “Cultivating a digital culture is a way of business that understands how technology is changing behaviors, work and market dynamics. It helps all stakeholders grow to compete more effectively in an ever-shifting business climate.”

A copy of the report can be downloaded [here](#).

The Digital Culture Challenge; Bridging the Employee-Leadership Disconnect Research Methodology

This research provides insights on the challenges organizations face to build a digital culture. The report covers the views of 1,700 respondents from 340 organizations who participated in the survey. Participants included 20 per cent of senior executives, 40 per cent middle management respondents and 40 per cent employees in non-supervisory roles across five industry sectors: automotive, banking/insurance, consumer products, retail and telecommunications. In addition, Capgemini conducted a series of focus interviews with academics, industry top executives and employees. Countries represented were the United Kingdom (UK), France, Germany, Italy, Sweden, Netherlands, Spain and the United States (US). The research was conducted between March and April 2017.

About the Digital Transformation Institute

The Digital Transformation Institute is Capgemini’s in-house think-tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, the United Kingdom and the United States.

About Capgemini Consulting

Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, the global team of over 3,000 talented individuals work with leading companies and governments to master Digital Transformation, drawing on their understanding of the digital economy and leadership in business transformation and organizational change.

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