

CULTURE FIRST!

HOW YOUR BUSINESS BENEFITS FROM A DIGITAL
CULTURE CHANGE

1. DIGITAL TRANSFORMATION IMPACTS CORPORATE CULTURES JUST AS MUCH AS BUSINESS MODELS

An increasing number of companies across all industries are on the verge of embarking on a digital transformation or have already begun the implementation of one, as few industries and companies can afford to ignore the necessity of such a transformation. The effect that digital transformation unfolds on the corporate landscape has been clearly illustrated by researchers at MIT, who have proposed that by the year 2025, around 40 percent of today's fortune-500-companies will have disappeared (Kroker, 2016). This presents a strong warning to organisations: Prepare for



By the year 2025 around **40%** of today's **fortune-500-companies** will have **disappeared**



62% of respondents consider **culture** as the **number one hurdle** to digital transformation

the changes ahead or risk falling behind in a world full of advancements!

The crucial question for many leaders now is, how can they navigate their company successfully through the transformation? A recent study by Capgemini Invent has the answer, which is quite simply, to address the corporate culture. Capgemini surveyed 1,700 people in 340 organisations across eight countries and found that 62 percent of respondents consider culture as the number one hurdle to digital transformation (Capgemini Invent, 2017), which also makes it the key enabler for success.

Digital transformation impacts the corporate culture just as much as the company's business model. Many long-held truths validated during the industrial age do not function anymore in the digital era. To succeed, a mindset change regarding the organisational setup, focus, and dealing with resources becomes inevitable.

Shift from hierarchic and stable to collaborative and adaptive

During the industrial age, organisational boundaries were clearly defined and rather impermeable. Steep hierarchies, task orientation, and working in silos characterised the organisational setup. The fast-paced, innovation driven digital age, however, requires a totally different type of organisation. By 2030, ten percent of the largest U.S. corporations will be virtual, meaning the vast majority of their employees will not work in an office at any point in time (Rander, 2016). Organisations of the future will resemble much more loose



networks, rather than a clearly defined group of people. They will build on flat hierarchies, an agile work approach, and permeable relationships with suppliers and customers.

Shift from company to customer centricity

New digital technologies empower today's customer significantly by offering them the opportunity to research, compare, and rate products and services more easily. Digital innovations of products and services in one industry strongly influence customer preferences, which then are projected as expectations on products

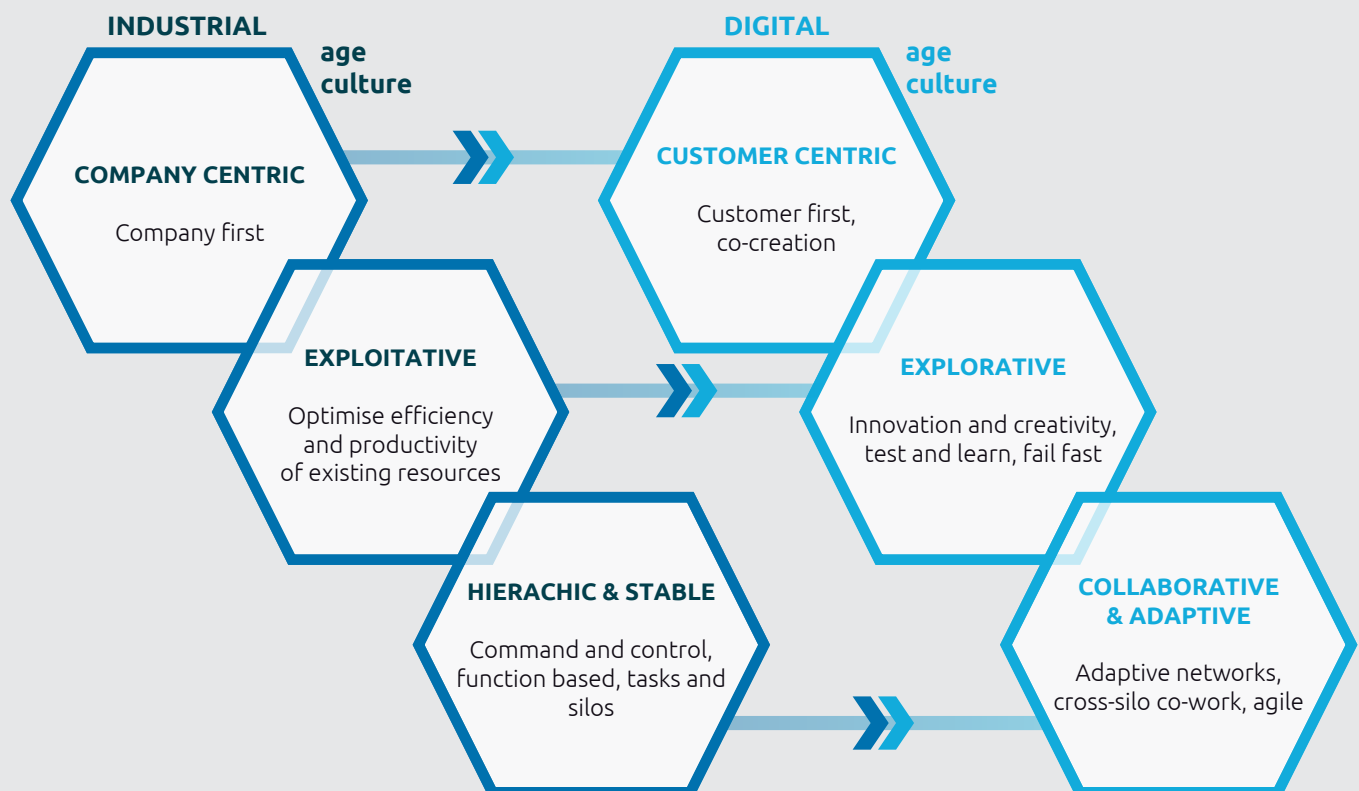
and services of other industries as well. It is no surprise that 53 percent of executives believe that understanding the behaviour or impact of the new connected customer is a main initiative for digital transformation (Solis, 2014). This development towards customer-centricity will require a whole new mindset in corporations.

Shift from exploitation to exploration

In the past, corporations were successful through optimising existing capabilities and resources. Such an exploitative strategy can lead to high profit margins, however, it can make a company vulnerable to a rapidly changing outside

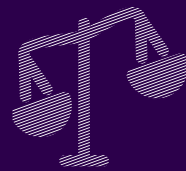
environment. By 2020, information will be used to reinvent, digitise, or eliminate 80 percent of business processes and products from a decade earlier (Laney, 2015). To survive, corporations need to be more innovative, have the courage to make mistakes, fail fast, and learn quickly. Digital transformation thereby forces organisations to adopt a more explorative approach in order to be successful in the future.

Figure 1: The digital age requires a new culture



Organisational culture needs to be managed as a strategic resource

One essential aspect for companies undergoing radical change is to realise the potential of their organisational culture, which when effectively managed, can function as an accelerator for the change envisioned by the strategic agenda. Accordingly, it is advisable for leaders to consider their current culture when defining a new strategy. Imagine culture and strategy as interlocking gears: In order to lift the organisation to the next level, it is necessary that both align and work together.

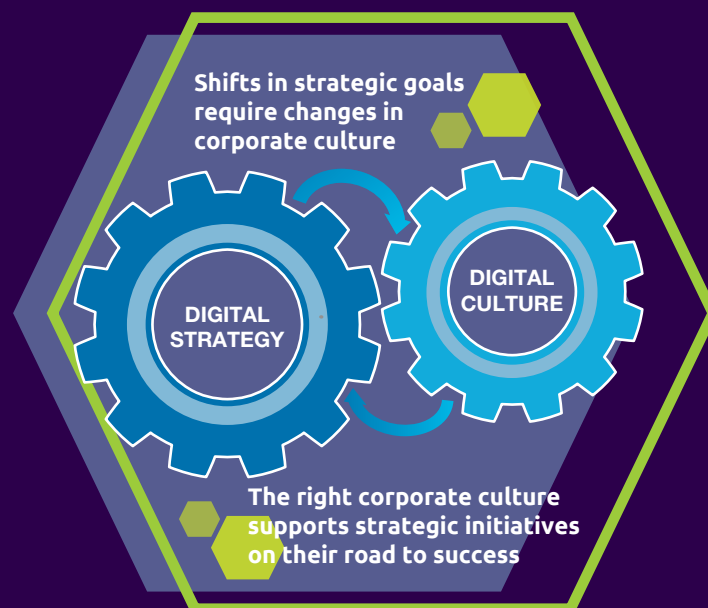


92% of executives agree that culture improves their company's value, however only **15%** of executives think that their company's culture is where it needs to be.

In practice, the interdependency between strategy and culture is neglected far too often. According to current research, executives widely agree that culture improves their company's value, with an overwhelming 92 percent believing that

an improvement to their company's culture increases its value. Interestingly, only 15 percent are confident that their company's culture is currently where it needs to be (Graham et al, 2017). Given the known positive impact a business experiences from a well-executed corporate culture, it seems paradoxical that companies are tolerating a culture, which is not aligned with their strategic vision and business goals. In times of rapid and ongoing change it is important for leaders to fully realise the potential of actively managing their organisation's culture to drive success.

Figure 2: Like gears, digital strategy and digital culture are required to interlock



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2. DIGITAL CULTURE CAN BE ANALYSED AND DESCRIBED ALONG EIGHT DIMENSIONS

Capgemini Invent puts a strong emphasis on the key factor for digital transformation: Corporate culture. Culture itself has always been hard to grasp, however, in a recent large-scale survey, Capgemini was able to identify eight dimensions of digital culture. 20 researchers and experts were interviewed from digital pioneer companies, such as Google, IBM, or SAP, and asked: What features characterise the culture of companies that are ahead of the game in digital transformation? Which ways of thinking, behaviours, values, norms and styles of leadership shape those cultures? Their answers revealed the following eight dimensions of digital culture: innovation and learning, collaboration, autonomous working conditions, digital leadership, customer focus, entrepreneurship, agility and digital technologies and digitised processes (Capgemini Invent, 2017).

To examine companies' current performance regarding the eight dimensions of digital culture, we developed the Digital Culture Assessment. The results of this assessment offer valuable insights of a company's position on the timeline of digital transformation, classifying them into front runners, followers, or late adopters of digital culture. Remarkably, our recent study proves a strong positive correlation of digital culture and economic success, as well as employee satisfaction (Capgemini Invent, 2017). Front runners of digital culture are economically more successful and have more satisfied employees than late adopters. This signifies that followers or late adopters, which emphasise the development of their digital culture, will be rewarded with improved economic success and overall employee satisfaction.

The Digital Culture Assessment is a valuable tool for capturing the current status of digital culture. It can be applied in any company by surveying a representative set of employees. The results of the assessment can help the leadership team to identify the dimensions they want to focus on first in a digital culture transformation. We advise clients not to attempt to change everything at once, but rather to select the dimensions which either have the biggest impact, the best fit to their organisational DNA or the highest urgency. Once those dimensions are selected, specific measures can be applied to start the culture journey.



Eight dimensions of digital culture

Capgemini Invent research shows that companies with a digitally savvy culture foster behaviour, which is related to eight specific dimensions.



Customer focus

A culture with a strong customer focus is characterised by the fact that the customer is at the center of the thought and action. Close contact with the customer – as well as individual interaction and communication – prevails. Solutions are developed together and are continually adapted to the customers' needs. The dialog with the customers is supported by digital tools. The customer's needs and wishes are continuously analysed with digital data and tools.



Entrepreneurship

Companies with a high value in the "entrepreneurship" dimension are characterised by the integration of market drivers and trends into their business model. Employees are encouraged and empowered to take risks and forge ahead with their own ideas. They therefore play an active role in shaping the company. Competition is perceived as a source of both motivation and ideas. The company's business model is continually analysed and adapted to suit changing market conditions and new technological trends. The company strives to bring about changes in the market, even if this bears risks.



Autonomous working conditions

Companies which stand out due to autonomous working conditions give their employees the freedom to work autonomously. Flexible working models which allow employees to decide when and where they want to work, with digital tools for example, are used. As a result, the employees' independence, personal initiative and self-management are fostered and supported by the internal corporate structures. The employees experience a high degree of leeway and decision-making ability.



Collaboration

Organisations and companies with a high value in the 'collaboration' dimension promote interdisciplinary and interdepartmental exchange between their employees, customers and competitors, as well as with other companies. The gathering, sharing and structuring of knowledge is considered essential. The employees support one another, including across departmental and hierarchical boundaries. They use synergies and break down silo thinking. A high degree of participation and an open attitude are as much anchored in the company values as the underlying team spirit. Digital technologies, such as digital platforms, are used to promote collaboration.



Digital technologies and digitised processes

The use of digital technologies and digitised processes is a key factor of this dimension. Digital tools and platforms are used for the further development of internal and external processes. Decisions are taken on the basis of data. There is openness to new technologies as the basis for forward-looking business models. User-oriented, effective processes further support this stance. Digital technologies are used within the company for the planning, implementation and analysis of work processes and results.

Agility

Agile companies rely on dynamic thought and action. They are characterised by a willingness to rapidly adapt to changing conditions and customer needs. This willingness to adapt is supported by the management and employees' high tolerance of ambiguity and the flexibility of the company as a whole. New drivers are quickly adopted, analysed and implemented. The agile processes and structures are adjusted dynamically and underline the company's willingness to adapt.

Digital leadership

In this dimension, there is a stronger focus on the development of the employees, to whom management conveys a clear digital vision and strategy. Management also focuses strongly on the employees, empowering them to act as coaches so as to help them develop. Management places a considerable degree of trust in the employees, strengthening their commitment to the company and their loyalty. Management also exploits the opportunities presented by digital management, working together with the teams regardless of the time or the location.

Innovation and learning

Companies with a strong focus on innovation and learning see the further development of the company and its employees as being a critical factor for success. An environment which promotes creativity is created, experimentation and openness to new ideas are encouraged. To adapt to the rapidly changing conditions, current practices and processes are critically scrutinised. Failures are accepted as part of the development process and coming unstuck is seen as an important learning process. This results in a willingness to rise to new challenges.



3. CASE STUDY: AN OLD INDUSTRY EMBARKS INTO THE DIGITAL WORLD

For a long time, there was no competition in the utilities market since the energy companies operated from a monopolistic position in their national markets. The EU energy market liberalisation in 1998 caused a gradual opening of the market, as the new regulations allowed the energy companies to supply customers also outside their traditional service area. Hence, energy companies began to compete and new competitors emerged. The effect remained at a moderate level, until two events fueled competition: The progress of the energy turnaround led to a loss of profitability of the old business models, while at the same time the constituting digital transformation generated new business opportunities. For the first time, energy companies were under pressure.

Up to this point, there was no need to develop a customer-oriented mindset, an outstanding service culture, nor a digital mindset for handling the implications of digital transformation. In the meantime, customers' expectations, were strongly shaped by their digital experiences in other industries like media, telecommunication, financial

services, and retail, in which digital had already become a reality. As a result, the energy companies had to act fast and start embarking into the digital world.

Our clients, were the four regional utility companies Bayernwerk AG, Avacon AG, E.DIS AG and Hansewerk AG, which are all subsidiaries of the E.ON Group. They provide products and services in the area of power and gas grids, street lighting, electric mobility, peripheral energy generation, water supply, and effluent disposal to private households, companies, and municipalities. Together, they wanted to find answers to the numerous challenges of the market and therefore initiated the lighthouse project fuNke.

The project fuNke had the intention to be a catalyst for a customer-centric and digital mindset change, to generate new impetuses within the line functions, and to ensure a sustainable integration of the results. In the process, the implementation of new technologies went hand in hand with a mindset change of the work-force. A project team, consisting of around 140 employees chosen from different

locations and units, was mandated by the top management to tackle the task over the course of two years.

The pressure on the project team was high from the beginning, as the net promoter score was low and customer expectations were increasing. Concessions for the energy distribution were expiring and sometimes could not be won back. The potential to create additional business and services, for example by cross- and up-selling, had been used poorly. The project team also faced the challenge to convince around 8,000 managers and employees that they needed to change, as they relied on their support for driving customer-centricity and an understanding for the digital transformation of the corporate culture.

At this point, Capgemini Invent was asked to support the mindset shift in order to boost the digital transformation. A change management stream was set-up with a strong focus on facilitating the interface between the project team and the line functions. The ultimate goal was to make the intended digital and customer-centric mindset stick within organisation. For



this purpose, the fuNke project team decided to focus on three of the eight dimensions of digital culture: innovation and learning, customer orientation, and collaboration.

Innovation and learning

One milestone for a digital mindset was to encourage new ways of working in the organisation. Methods and techniques which foster agility, creativity, and innovation, allowing failure and learning, while building on a collaborative mindset, were introduced. The Capgemini Digithon, an interactive workshop method based on scrum and design thinking, was one of them. 20 digital natives, trainees, and young employees were invited to the first workshop with the aim of developing the prototype for a learning app. The Digithon resulted in a concept for a scenario based training for customer centricity. Only four months later, the training app was officially launched for the entire client organisation.

Not only was the resulting learning app a success, the single event developed a huge impact on the whole organisation. The workshop participants went back to their teams and disseminated knowledge of the new spirit, as well as methodological skills learned, thereby acting as ambassadors for the change. As further support and to generate curiosity and awareness among employees, an internal communication campaign about the Digithon started, following which, the project team received an increase in applications of employees wanting to join the lighthouse project. Due to this success, a series of further Digithon events were established. The outcome being that the initiative sparked a new cultural climate with a focus on innovation and learning in the organisation.

Customer orientation

Another cornerstone for the new desired mindset was to encourage a strong customer orientation. The mantra was simple: Do not step into the shoes of the customer, instead make them a part of your team. The fuNke project team started to involve customers early on in transformation projects of the four regional utility companies. The approach was first applied developing new company websites. More than 70 representative customers were actively involved over several iterations in the testing of the design and usability of websites. Through this co-creation process, our client was able to design websites according to customer needs and incorporate customer ideas from the start. This avoided time and money consuming changes. One of the outcomes of this approach was the incorporation of new and optimised channels for customer service: an online service community and a web-chat function. Both were well accepted by the clients' customer base. The service community received 26,049 requests only in the first four weeks after go-live and the web-chat function had a resolution quote of over 95 percent.

Collaboration

An additional prerequisite for a digital mindset is a strong collaboration across departments and locations. This aspect was incorporated already in the composure of the fuNke project team. Team members were recruited from different units of the utility companies

across Germany. To strengthen the collaboration within the project even further, different competencies were pooled in smaller cross-functional teams. Every sub-team consisted of experts and non-specialist staff. The task of the experts was to apply their knowledge, whereas the non-specialists challenged their ideas and adapted them to their respective line functions. A special focus in the composition of the teams was also placed on including employees from IT, as well as business functions. This approach built the foundation for implementing new processes, for example, digital customer experience.

The entire fuNke project generated a big leap forward of the whole client organisation towards a new mindset with customer orientation and an awareness for digital transformation. Managers and employees understood and supported the need for change in their daily working routines. A transparent internal communication infrastructure was set up, and networks across all units for further collaboration were created. Obviously, a corporate culture, which developed organically over decades cannot be completely transformed within a two-year project. Nonetheless, it proved highly effective to focus on selected dimensions of digital culture in order to stimulate positive change. This way, the organisation was not overwhelmed, but instead, was able to absorb the new ideas and had the chance to gradually develop a new mindset.



Impressions of E.ON Digithon (YouTube video)

<https://www.youtube.com/watch?v=NotL0Rvi8IA>



4. DIGITAL CULTURE TRANSFORMATION IS AN ITERATIVE PROCESS APPROACHING STRATEGY, STRUCTURES, AND PEOPLE

Facing the impressive results that digital culture is both linked to economic success and increased employee satisfaction, clients frequently turn to us with this question in mind: How do we approach digital culture change? Core elements of the digital culture journey have the same levers to address digital transformation requirements: a focus on strategy, structures and people is needed for successful change (Capgemini Invent, 2017).

Organisations effectively tackle the digital culture transformation challenge by treating culture as a strategic task. Whereas 80 percent of front runner organisations have a clear digitisation strategy, only 40 percent of late adopters do. This digitisation strategy sets the framework for an inspiring culture vision providing guidance for employees through the upcoming culture transformation journey.

In a similar scenario, companies successfully approach the culture change by addressing its organisational structures. Late adopters of Capgemini research focus mainly on the establishment of new roles, whereas front runners adapt organisational processes (Capgemini Invent, 2017). On top, they introduce organisational structures such as digital business units – often so-called Innovation or Digital Labs. Those provide organisations with a safe learning environment and playground to test new roles, processes, and technologies before rolling them out to the entire organisation.



80% of front runner organisations have a clear digitization strategy but only 40% of late adopters do

Focusing purely on technology in digital transformation is too short sighted – technology is just an enabler to

leverage the potentials of the people. Digital front runners place people and the creation of a culture of trust in the center of transformation, enabling employees to test and learn (Capgemini Invent, 2017). The involvement and commitment of top leadership is key to organisations with a savvy digital culture. 80 percent of front runners say that the CEO is responsible to actively drive and shape the culture transformation, however, only ten percent of late adopters agree to this statement. Organisations need to have a designated sponsorship for the culture transformation, preferably on CxO-level for a vigorous effect. This can be realised through the function of a CDO, which is established to drive digital transformation in organisations. But whether it is a CEO or a CDO – having clear responsibilities to drive the change aligned with top leadership commitment is a premise for a successful digital culture transformation.



80% of front runners say that the CEO is responsible to actively drive and shape the culture transformation, but only 10% of late adopters agree to this statement

Transforming the corporate culture to the requirements of the digital world is for sure not trivial and cannot be done en passant. It's a process requiring time, resources, and above all top management commitment. If this cultural seed is done properly, organisations will harvest a higher economic success and benefit from more satisfied employees.

Digital transformation, with its fast-paced business and speed to market mentality, is the number one reason for organisations to change (Capgemini Invent, 2017), the momentum for a digital culture change

could not be higher. To keep up with these volatile changing conditions, we pursue an agile culture transformation approach with four iterative sprints: design and architect, build and shape, test and learn, and adopt and share.

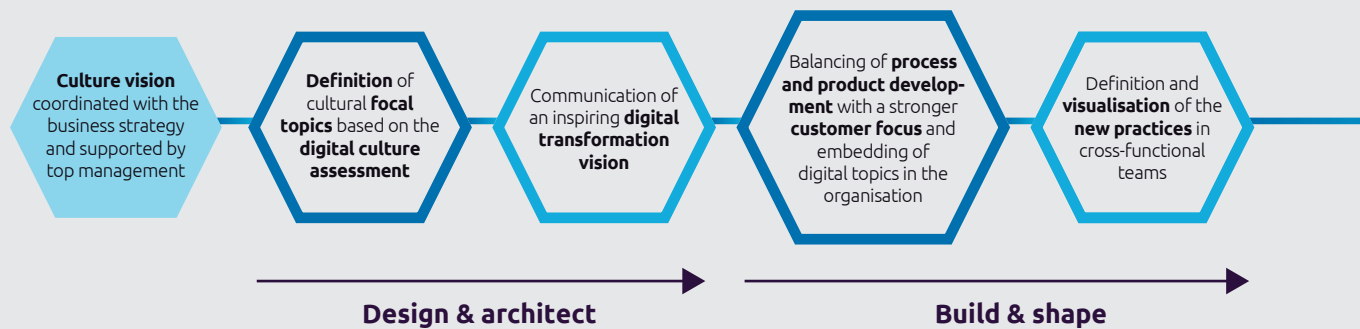
Design & architect

The beginning of the journey starts with top management's commitment to a systematic culture change. The announcement of a responsible manager for the culture transformation as project sponsor and role model is essential. This may sound trivial, however, the role of leadership is pivotal as an interviewee of Capgemini change study (2017) points out: "What hinders us is a top-heavy organisation".

For a systematic culture change, we first identify the current corporate culture through the Digital Culture Assessment Tool by surveying a representative set of employees. The result of the assessment is a representative score of the organisation's current state of eight digital cultural dimensions. In a second step, we discuss these results with the management in the context of the cultural vision. What is the organisation's digital strategy? Which aspects of culture support the strategy most? Which aspects of culture can be changed most easily? As a result of this process, management has aligned on the culture roadmap and agreed on which of the eight culture dimensions are in scope for the culture transformation – the so-called focal topics.

For example, an organisation has strong growth ambition and currently suffers from high attrition. Facing the current score of organisation's Digital Culture Assessment, management decides to focus on the improvement of collaboration within the organisation, since fostering a culture of collaboration is a necessary precondition for strategic

Figure 3: With a systematic “journey of culture transformation”, the existing corporate culture is successfully transformed and new ways of working, collaboration and theoretical approaches are established



growth. In a joint workshop, management prioritises and aligns on the digital culture vision: to foster a culture of openness and collaboration which enables strategic growth.

As a last step of this design and architect phase, this vision is communicated through an inspiring culture change story. Although digital communication formats are impressive, they cannot replace the effect of personal communication. Herein leadership plays an evident role in showing commitment. Whereas 60 percent of front runners say that it is a leader’s responsibility to actively drive and shape the culture transformation, only 20 percent of late adopters agree to this statement (Capgemini Invent, 2017). To mobilise people for the culture transformation, this design and architect phase typically should not last longer than one to two months, depending on the size of the company.

Build & shape

In this next phase, the pre-defined culture topics are “translated” into concrete behaviours. In a design-thinking orientated workshop approach, cross-functional teams and leaders define concrete behavioural measures of

new culture and develop solutions that fit both their strategy and the organisational DNA.

Thinking back to our fictional organisation aiming to improve cross-functional collaboration. This company may ask itself these questions: How can we increase knowledge sharing? What are the needs of our employees? Is a platform the right medium or are there other ways to share documents and assets? Which structures and processes need to be adjusted? And what fits us and our history?

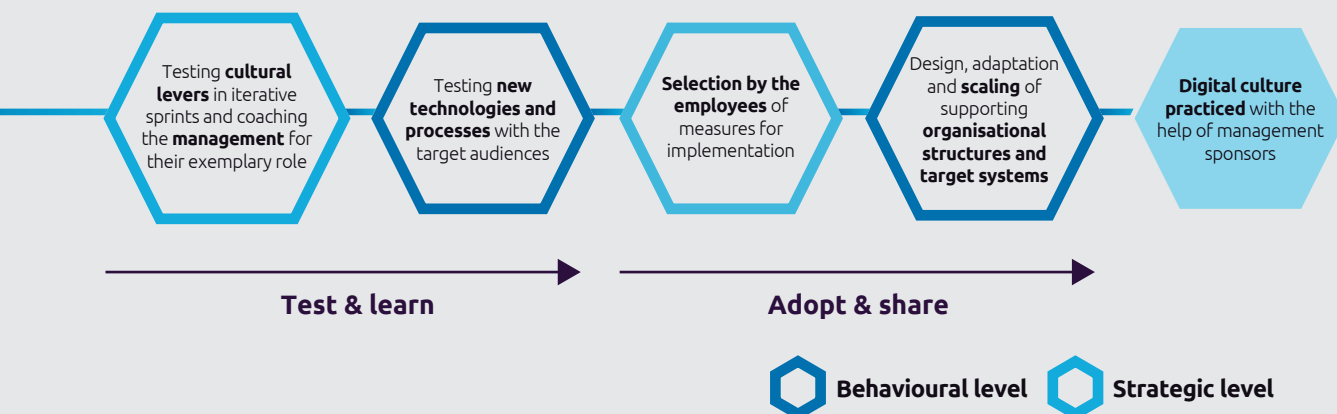
Throughout the Capgemini Digithon, an interactive workshop method based on scrum and design thinking, participants answer these question in a safe environment and develop out of the box solutions. Visualisation of ideas through scribes and use of digital technology support this process. In the next iteration, these solutions will be prioritised through voting systems according to feasibility. Sponsors responsible for the implementation will be announced for each measure and as a result, concrete prototypes of new behaviours and solutions are ready to be implemented and tested.

The cross-hierarchical and cross-silo involvement of people is essential to develop a cultural solution truly fitting to the organisation as well as to create commitment and the personal initiative for application of new behaviours in daily business life. This is also a success factor of digital front runners which involve their employees actively in the culture change twice as often as late adopters (Capgemini Invent, 2017). If on-site workshop formats such as the Digithon are not feasible due to geographical distribution, crowdsourcing platforms are a good supplement.

The focus of the developed cultural solutions in the build and shape phase depends on the pre-defined focal topics aligned with the strategy. Consequently, not all eight dimensions of digital culture might be included. To mobilise the organisation effectively this phase should last two to three months.

Test & learn

In this phase, the pre-developed prototypes will be tested in a small scale. This can be for example, digital units, as front runners of Capgemini change study do (Capgemini Invent, 2017). The aforementioned fictional organisation



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aiming to increase knowledge sharing has now translated their vision into new target behaviours, technology, and processes. They test and evaluate their developed ideas with a test and learn approach: What worked well? Did the technology support our new process? How many documents were shared and in which areas? If it did not work, why not? Are changes in KPIs needed? What is missing so that we may reach our goal?

If the solution does not work, the organisation will follow the build and shape approach by adjusting their behaviours, technology, and processes and test it again. This iterative and flexible approach enables organisations to quickly adjust their cultural solutions to suit the requirements of the business. Since the new solutions will be tested in a small unit, the risk of failure is manageable.

A necessary precondition for employees' testing, learning, and adapting is a culture of tolerance. Only when people are allowed and explicitly encouraged to fail by management, would this change succeed (Capgemini Invent, 2017). Providing coaching and mentoring for managers to act as supporting leaders

is a success factor of front runners (Capgemini Invent, 2017). Honest communication within the organisation of successes as well as lessons learned from failure, attract employees from other units to get on board to the digital culture journey.

This takes time, since people do not change from one day to another. As such, this test and learn phase takes around three to six months. However, it is an important phase since it levels the rollout of new cultural behaviours and technology into the whole organisation.

Adopt & share

In this last phase, the gained learnings will be consolidated and pre-tested prototypes will be evaluated. Measures most easy and fast to implement will be rolled out into the organisation. Ambassadors for the culture transformation ensure the implementation of new behaviours into daily life of the business. For example, the organisation has implemented knowledge sharing as a regular agenda point in existing meetings – simple but effective, and installed so-called knowledge champions as ambassadors for the new knowledge sharing culture.

To sustainably change culture, the design, adaptation, and scaling of organisational structures and incentive systems is inevitable. The KPI structure needs to reflect the culture. When knowledge sharing is of strategic relevance such as our example, why not incentivise leaders and employees to actively share their insights?

Last but not least, direct feedback and regular systemic monitoring of culture change progress is a necessary precondition to sustainably anchor new behaviours within the whole organisation. Gaining direct feedback from project members and employees through exercises such as culture focus groups, helps to adjust and adapt change measures quickly. Use of the Capgemini Digital Culture Assessment Tool periodically on a large scale gives the opportunity to compare results with the baseline score before the culture transformation has started. As such, digital culture change progress becomes quantifiable – and when facing the results, even the most sceptical critics cannot deny the positive effects of a digital corporate culture transformation.



5. SUMMARY: EVERY DIGITAL CULTURE JOURNEY BEGINS WITH THE FIRST STEP

The first step in any transformation journey often seems to be the hardest. Many organisations already sense the emergence of digital transformation, but are overwhelmed with the massive amount of changes ahead of them. We agree, tackling the corporate culture can be intimidating. However, it is a key enabler – and thus indispensable – for a successful digital transformation.

Front runner organisations approach the culture transformation through a triad of strategy, processes and people. We recommend to address

these levers in an agile approach with iterative sprints: design and architect, build and shape, test and learn and adopt and share.

Relying on eight dimensions of digital culture, the initial Digital Culture Assessment provides guidance by mapping the current status of digital culture within an organization. By means of the results, leadership teams can identify dimensions they want to focus on first, considering those with the biggest leverage, the best fit to the organizational DNA, or the highest urgency.

Of course the culture transformation is not settled in a day. It requires time, but the result of the digital culture journey is highly rewarding, leading to positive and tangible results.

Our Capgemini Invent study 2017, demonstrated how organisations with a digital culture are economically more successful and have more satisfied employees than late adopter organisations.

Why wait? Start your digital culture transformation today!



Try our Digital Culture Assessment and receive a personalised results report!

https://soscisurvey.fr.capgemini.com/sosci/DigitalCulture_Teaser_de/

6. INTERVIEW WITH REIMUND GOTZEL

When you think of the energy sector in Germany, buzzwords such as digitisation and cultural change are not what would necessarily first come to mind. Mr. Gotzel, you are CEO of Bayernwerk AG – a subsidiary of E.ON – would you agree?

Reimund Gotzel: Over the past few years, the perspective of the energy sector, I believe, has changed. It is now very obvious that the energy sector is a future-oriented sector. Digitisation and innovation are the elements we will use to design intelligent, interconnected energy systems of the future. And by the way, these will be customer-oriented, decentralised and regional. For me, therefore, entrepreneurial regionalism is a brand value that is on an equal footing with innovation and creative power.

And what comes to your mind when you hear the words digital transformation?

Reimund Gotzel: For me, digital transformation is a technological and societal revolution with profound changes in all areas of our lives. Therefore, this task does not affect us alone. Our transformation is part of a societal transformation. This changes the demands that are placed on us. We need to position our company in an increasingly digital world. That is crucial to competition. And yes, for this we also need a changed corporate culture, a new view of things and a changed working environment. Three things are important to me: mastering digital challenges, taking advantage of digital opportunities and despite this focus, not losing our strength, which comes from traditional values.

Almost exactly two years ago, you and Capgemini Invent launched the fuNke lighthouse project. Why?

Reimund Gotzel: With fuNke, we have set out to position ourselves effectively in this new world, which is a customer world. The role of our customers has changed substantially: they are no longer exclusively recipients of electricity, gas or heat supplies, but see themselves as contributors to the energy revolution. New, specialised players have access to the energy market and intensify the competition. If we want to create digital and innovative customer experiences, we have to start with ourselves, with our thoughts and action patterns. This concerns employees, managers and myself, of course.

That's why all regional utility companies in the E.ON Group started: fuNke - dedicated to our grid customers. How have you experienced the past months?

Reimund Gotzel: I have witnessed how a large, sometimes somewhat cumbersome group has started to move. How unexpected energies and creativity were released and how we created a distinctive culture within the project team of about 140 people. Much more important, however, was that we managed to bring decisive impulses to the entire organisation - and by this I mean all regional utility companies in the E.ON Group.

The project fuNke should be a catalyst to set new cultural impulses in the line functions and to anchor them there. What do you understand by a digital culture?

Reimund Gotzel: For me, a digital culture is the fuel for the organization of the future and thus also for Bayernwerk and the E.ON subsidiaries. Technology is a necessary prerequisite but the key is the further development of the corporate culture. The culture of a company manifests itself for me tangibly in everyday life: How do we work together? Which digital solutions do we integrate into the mix and how flexibly do we deal with them? How strongly do we live our values and to what extent do we benchmark ourselves against them? How do we deal with or react to mistakes? Are our manager administrators or rather coaches of their employees? How much trust and influence do we place in our employees? Of course, we have asked ourselves all these questions.

The subject of cultural change often appears to be a huge, diffuse and lengthy task. How did you proceed?

Reimund Gotzel: In deed, the topic of cultural transformation was at first difficult for us to grasp. Initially, we assembled a team of employees from all regional utility companies of the E.ON Group and experts from Capgemini Invent in the fuNke project to approach the transformation. After the first weeks in the project, three areas of action emerged for us in particular: establishing customer orientation as an attitude was the top driver. To that effect, we looked at the topic of collaboration and wanted to create an openness towards new ideas but also towards mistakes and thereby foster experimentation and innovation. The prerequisite for bringing these elements to the entire network community was, of course, that we had to demonstrate these aspects in the project.

What are key success factors for you?

Reimund Gotzel: For me, there are ultimately four success factors that have made fuNke a figurehead: We have been able to generate a lot of attention in the companies with an intensive communication strategy. Here, through transparent communication of successes and failures, we succeeded in turning fuNke into a brand. Even if it sounds trite: Turning those affected into participants - that was a central credo and helped to mobilise the target groups. It was also important to show a certain pioneering spirit in our work. So far, there has never been change management of this style in any project and thus little on which to build in the work. Last but not least, fuNke is always about a change of perspective: Through new methods, such as the so-called co-creation approach in website development or the learning app, we have given employees the opportunity to put themselves in the customer's shoes. However, a cultural change is not a project that is completed with the key delivery. We must keep working constantly on it, because our environment will also constantly change. I am often proud to experience how the fuNke spirit has entered the so-called line functions. We are on the right track.

So you still have a lot of cultural work ahead of you?

Reimund Gotzel: I was often asked: When will we finally be done with the cultural change? I like to compare it with the New Year's resolutions. If I plan to make my life healthier, I will not stop at the end of the fourth quarter and the final process roll-out. Certainly, phases of orientation and stability are needed in the cultural process, but a sustainable anchoring requires permanent cultural work and examination.

Would you describe fuNke as a successful project?

Reimund Gotzel: In an employee survey, we asked over 1,200 colleagues for their opinion: 64% of those surveyed regard the fuNke goals of customer orientation and digitisation as very important. Two thirds experienced that fuNke initiated a change towards a more modern and customer-oriented culture. To make a long story short: Yes.

And what happens now? What are the next steps for the long-term establishment of the new culture?

Reimund Gotzel: Our cultural transformation is high up on the E.ON Group's agenda. We, the regional utilities companies as an important part of E.ON, are driving this transformation forward in the same way - we have to keep the momentum. In a large workshop lasting several days at the beginning of the year, we worked on key issues with members of the Management Board and employees from all divisions: How are we going to earn our money in five years and how do we have to position ourselves for it? How does our culture fit the expectations of our customers? How do we create the space for employees to actively work on the future of our company? What competencies and skills do we need to develop further to achieve this?

At least in this group there is no doubt that if we want to continue to operate successfully as a company, the corporate culture is the key to it. A change in attitude on the part of all employees and managers is essential - we take this very seriously. To this end, we have developed concrete fields of action that all contribute to a cultural core. We want to live a culture of trust with flat hierarchies. Entrepreneurship and pioneering spirit are the new benchmarks for us. All of us, from me as CEO to the trainee, are open to change and work also according to agile principles. Cultural change in the age of digital transformation is not an option for us, but a real and strategic factor that decides the future of our companies.



About Reimund Gotzel

Reimund Gotzel is chairman of the board of management of Bayernwerk AG and headed the lighthouse project fuNke of all four regional utility companies of the E.ON Group as well as the customer service network.

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CONTACT THE EXPERT



Claudia Crummenerl

Managing Director People & Organization

+49 699 515 1278

claudia.crummenerl@capgemini.com

CONTACT THE AUTHORS

Dr. Ursula Bohn

Head of Organizational Dexterity

+49 151 4025 0143

ursula.bohn@capgemini.com

Christin Käßler

Head of Agile Organization

+49 151 1137 4043

christin.kaepler@capgemini.com

Maximilian Forbach

+49 151 4025 0469

maximilian.forbach@capgemini.com

Laura Wähler

+49 151 1137 4054

laura.waehler@capgemini.com

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