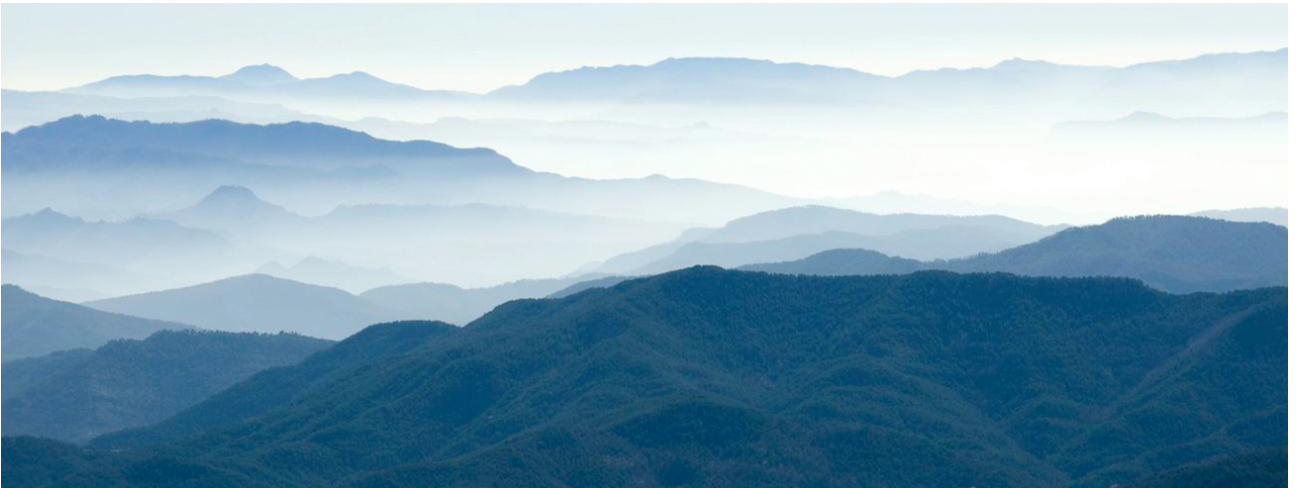


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viewpoints #02



Going „digital“ – a question of organizational capabilities

viewpoints #02

Going „digital“ – a question of organizational capabilities



There is no shortage of advice about “Digitalization” and “Industry 4.0”, but still progress is often slow. Many industry leaders readily admit that “going digital” is an uphill struggle.

We argue that a major root-cause of this struggle is that organizational capabilities have lagged behind the strategies, action plans and digital pilot projects of companies. We advocate a greater focus on the organizational dimension when defining the general approach for your digital journey. Your capabilities portfolio requires a significant lead time and leadership attention to evolve. If it does not evolve alongside your strategy, chances are your digital strategies and programs will fail. There are two primary reasons for this:

First, you might not succeed because you lack critical capabilities. How can you outperform competitors in digital projects if you rely on teams operating with the skills and mindsets of a pre-digital era? How can you develop an excellent digital strategy in the first place if the organization is not able to think “digital”?

Second, the existing capabilities might hold you back. As much as the organization needs to learn new things, it also needs to unlearn old ways of working to be able to proceed. If not, your pilot projects and agile innovation teams will be increasingly blocked by the organization which creates “antibodies” against the new way of working. People may have been focused on efficient execution or consolidation for years. Why should they let go of what they are good at overnight and move outside their comfort zone? Don’t they also have a point when they feel that many aspects of the established ways of “doing things around here” still remain highly relevant?

viewpoints #02

<p>What are the capabilities you need to strengthen</p>  <p>...to be able to drive digital strategies and projects</p>	<p>What are the capabilities you need to deemphasize</p>  <p>...to avoid that they hold you back on your way forward</p>
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Develop the capabilities necessary for your digital future and let go of capabilities which hold you back

Organizational capabilities are more than the sum of individual skills. They are formed from a combination of shared mental models; common language; mind-sets; processes; established practices; conventions; shared experiences and skills. They are not lost if an important individual leaves as the team will sustain them. Once built they shape the “way we work around here”. The more embedded capabilities are, the more likely it is that projects which come up against them will fail.

For leaders, it is worthwhile to ask the following questions :

- Did we sufficiently include capabilities into our digital journey?
- Do we have a clear view of digital capabilities we currently lack?
- What are the capabilities we need to de-emphasize moving forward?
- Do we have a capabilities portfolio, based on shared assumptions and visions?
- Are we well equipped to evolve our capabilities portfolio over time?