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# Digital Transformation

## How organizations can move faster

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## Background

The further development of companies in the digital age is often delayed and leads to the fact that some companies are gradually losing touch. In the process, they lose touch in two places. One position is the one to the customer, because due to the sluggish modernization of their business models, the increasing fulfillment of the strongly individual market demand is not served. The other point is inward-looking, namely the corporate culture. More specifically: Dealing with employees in the digital age. Companies are increasingly losing touch and sensitivity to the needs of their rather important „digital natives“ employees. The reasons are manifold and not new, even if some behavior-oriented reasons are now more common or extreme. This white paper is therefore a reminder of how some of these important aspects can be addressed. However, it does not claim to be complete.



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## Strategy

The definition of a strategy is an essential issue in order to be able to use resources in a targeted manner. Companies must therefore certainly be clear at the level of top management in which direction a digital transformation the company should develop. The exciting topics of digitization require that business processes be considered first; the established order of simplifying, standardizing and automating has not changed. This does not mean that all processes have to be recorded and mapped, but above all that a process-oriented understanding is created. In this way, it can be achieved that the necessity of defining and carrying out activities is seen in the sense of efficient process execution. In this way, essential processes can be outlined in order to obtain an overview of the dependencies. In the next step, these processes can be implemented in conjunction with information systems and with the employees who operate these processes and the basis for the digital availability of process-related data can be created. Applications of process mining can be used to gain a better understanding of the processes. Only then can further topics such as applications with artificial intelligence or the Internet of Things be focused on their necessity and design on the basis of this data. Each of these steps requires different knowledge, builds on each other and should not be tried in parallel in the implementation due to the limited change capacities. Parallelization only makes sense in larger organizations where individual areas go through the steps staggered.

## Capacities for change

It should be noted that companies in the ope-

rative business always have only a certain capacity that is available for the change of the company. This capacity relates primarily to the available time in top management, project and change management managers and affected employees, as well as financial resources necessary for change. The digitization of processes also means that the employees have to be taken along, because they are the ones who can live the processes and bring them to the „next level“. If a process is virtually standardized with technology (because automation potentials can only be raised through standardization), non-standardizable tasks remain. Here, the employee, hopefully not run down, plays a central role and here also the differentiation potential after a digital transformation arises. Organizations must therefore make changes step by step and take into account that only one major topic can be reasonably implemented at the same time. Otherwise, a sense of actionism remains. That's why it makes sense to be a little slower and take time for a good portion of reflection, but then the next steps to be able

to implement it more thoughtfully and ultimately more sustainably.

Changes in organizations also have a path dependency. On the one hand, over time, companies develop more and more processes, systems, rules and more in order to be able to organize themselves. Often, however, more and more new dependencies and rules are added and old rules are not consistently abolished. Over time, this results in more and more complicated rules that are also used by individual groups to maintain a status quo that make changes difficult. Therefore, it is often easier to start from scratch with new systems and processes on the „green field“. On the other hand, many topics also require experience and prerequisites from going through previous changes. An evolution of processes is necessary, so to speak. These experiences can be made in the organization and, above all, developed, but can also be brought into the company by external parties.



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## Employees

Current digital possibilities are increasingly abstract and employees have difficulty imagining conceptual changes to processes due to their use. In artificial intelligence applications, for example, the decision-making rules are no longer fixed, but are dynamically adapted to data. The interaction with artificial intelligence brings socio-technical structures into the organization that behave oscillating with regard to the division of labor between humans and artificial intelligence. With the Internet of Things, there is a shift in decision-making rules from central systems to sensor-related software applications. The employee thus occupies a „system supervisor“ role, so to speak, which in turn emphasizes skills such as abstraction but also critical ability.

Often an ego problem comes from various responsible persons in the company who want to distinguish themselves with topics, but who are often only interested in being important and using „resources“. On the one hand, there is the opportunity to position oneself as a visionary source of ideas. Trend topics are more or less adapted to the circumstances of the company, but often the consequences of this are not well thought out. As a result, it remains with benevolent-sounding ideas, which are not feasible. Often this is not admitted and the supposed success is presented to the outside world, without anything really changing or even „resources“ being completely worn out. In the process, those responsible for budgets also want to admit less, otherwise they would have to admit that they have not acted in a timely manner. On the other hand, others take the opportunity to do this with topics that have a blocking effect rather than further develop. In



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this way, these people position themselves as doubters who want to secure supposedly good things (e.g. also data protection or even sales). Because the further development combined with actual design is more complicated than simply expressing criticism and recording old sales structures. „Never change a running system“ never becomes a „flying system“ due to such a blocking attitude. With all justified concerns, however, it is above all a matter of distinguishing oneself with the topics for as long as possible and not working constructively on a practicable solution. Thus, long-established power structures make change difficult to impossible for future-oriented processes.

## Management decisions

The incentive structure is a central driver of change and there are other criteria that are relevant for digital process changes. The criteria should be defined at the level of top management in accordance with the strategy and examined for their potential directions of action based on expected behavior. In this way, crite-

ria can be defined in such a way that structure is restructured or even dismantled, as well as employees are motivated to work and become active in the sense of change. Then it is also more difficult to position yourself as an insubstantial visionary or blocker.

More courage on the part of those responsible should also lead to a decision before a change is made whether it is either carried out quickly without taking into account various aspects and sensitivities but with the risk of errors. Or whether a slow approach is chosen that includes all aspects and participants and risks are thus illuminated and consciously taken. Crucial for this is an internal interdisciplinary (especially junior and senior) team of experts who assess digital changes expertly and in a short time, so that top management can make decisions. This means that the view of the big picture is not lost and individual sub-areas can act decentral with their own speeds and ideas. In the sense of a „regulatory policy“, there should therefore be central requirements that support and enable personal initiative, but prevent incompatible solutions from occurring.

## Conclusion

Ultimately, it should not be forgotten that all change activities should be as easy as possible for the respective employees to understand. A large draft of a digital transformation that is difficult to understand is just as much a hindrance as the submission of extensive statements on digital process changes in one's own work area. If the hurdle to be overcome in the head is not too big, then the acceptance is higher despite concerns and a digital transformation can be advanced from the entire organization.

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