

The Golden Circle Successful Digitization Hinges on the Right Communication



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Be inspiring!

This is a message people like to hear. At conferences, coaching sessions, seminars and other events besides. If we want to lead, to develop our people, to make them loyal to the company, and to evolve our organization, we need to inspire the people around us, our colleagues and employees. And our efforts toward digitization are no different: success hinges on the right communication. Even the best solution will miss the mark if people don't get behind it. The right type of communication does not need to be showy à la Steve Jobs – what it needs most of all is a considered approach.

Digitization ostensibly affects the key business process, but what it really affects is the workforce. It is the employees who are confronted with a new, re-structured and technified world in which they are supposed to find their way very quickly. Although the need for business process digitization is easily quantifiable in business figures, it is hard to get people excited about business figures. Digitization can only work if everyone is behind it. So how can a company persuade its workforce and its customers of the positive aspects of digitization? The answer is simple. The way to persuade people is not to attempt to talk them round or to bombard them with facts. The way to persuade people is to inspire them. Simon Sinek's Golden Circle illustrates how this can be done.¹

The Golden Circle

The theoretical concept of the Golden Circle (Fig.1) is all about the core belief of the business – about what gives the company the motivation to produce certain products or services: What does the company do; how does it do it and

why does it do it? This key message (the WHY) forms the basis for corporate communications and indeed for the entire corporate culture. So what does that mean, exactly?

The Golden Circle method can be illustrated with a simple example. The marketing for a premium car first and foremost answers the question of what the car can do (the WHAT). The car has enough space for a family of four, along with all their baggage. It is very economical, consuming just 2.3 liters of fuel per 100 kilometers. It accelerates fast and has a performance of 165 bhp. It costs only EUR 20,000. No one is very likely to buy the car when it is presented like that. Customers have heard these facts many times before – inspiration is something quite different.

The next step is about explaining how the product achieves this (the HOW). The car was designed to have a lot of storage space. It was built on the basis of a special lightweight method that minimizes the amount of weight that needs to be moved around. It has an innovative combustion engine that enables the car to accelerate fast without consuming large amounts of gasoline.

Smart production methods were used to manufacture the vehicle, resulting in lower production costs. All of these arguments are true, but again they do not provide the inspiration for someone to buy this car.

The right communication centers on the WHY. Why does the firm making the car exist and why are they making this particular car? The company believes that car ownership provides a sustainable and modern means of mobility and is fun. That is why our cars are cost effective and deliver excellent performance and quality. And the special lightweight construction method and innovative engine technology we employ guarantee very low fuel consumption. Our cars offer plenty of space for a family of four and cost around EUR 20,000 for 165 bhp.

When you start with the WHY and move forward from that, the result is much more effective communication. People don't buy the WHAT – they buy the WHY. Successful corporate communications should always start with the WHY and work their way from the center of the Golden Circle to the outside.

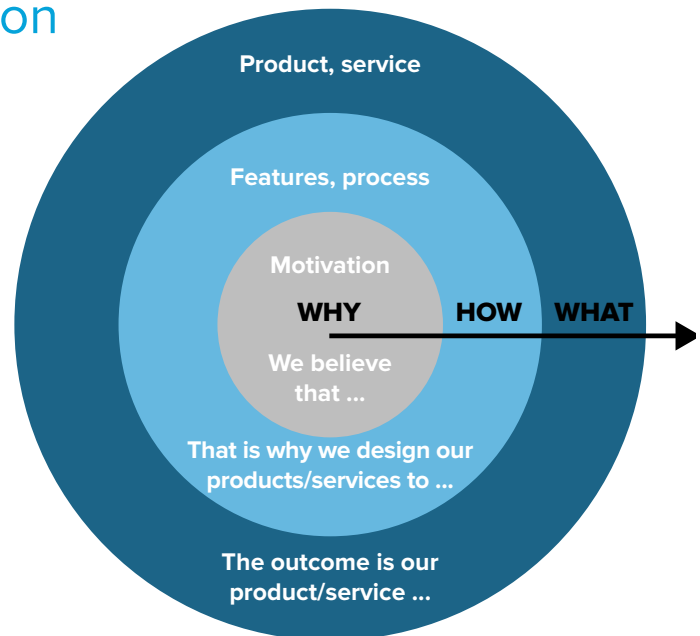


Fig. 1: Sinek's Golden Circle

¹ See Sinek (2013), n. pag.

Digitization with the Golden Circle approach

Digitization should be communicated in just the same way. Normally you start from the outside in. The WHY is usually only revealed at that point. Once you've done that, you then communicate from the inside out. For a residential real estate company, the three segments of the Golden Circle could look like this:

WHAT

- ▶ There are numerous providers of algorithms that can help tenants find suitable apartments quicker
- ▶ There are ERP systems that companies can use to manage and value their assets
- ▶ There are providers of HR software with which they can manage their personnel and administer their files

The rational arguments in the WHAT segment of the Golden Circle may be correct, but they do not inspire people to get involved.

HOW

- ▶ The algorithm compares the requirements specified by the landlord against the profile of the tenant, shaving as much as two thirds off the time it used to take in the conventional rental process
- ▶ The ERP system maps all the business processes and assets under management using a software system and enables process optimization
- ▶ The software provider aggregates all relevant data on each employee in their digital personnel file and saves time and money in HR management

Now it is time to define the underlying message, the WHY.

WHY

- ▶ We are a residential real estate company which aspires to be a good landlord for our tenants and an attractive employer for the people who work here
- ▶ We are a real estate company which believes that digitization is changing the world and we want to play an active part in shaping that change
- ▶ We are a real estate company which believes that digital methods make our company stronger, benefit our employees and our tenants, and are easy to learn

Communicating from the WHY outwards, the message that results is: We

SPOTLIGHT

Communication and the human brain

Sinek explains his method with reference to the structure of the human brain. The innermost elements (the WHY and the HOW) of the golden circle activate the limbic system within our brain. The limbic system is the center of emotion and human behavior. It is also where human decisions are made. But it is not the center of language. Language originates in another part of the brain, the neocortex. In the golden circle, this equates to the outer part (the WHAT). This is also where rational and analytical thinking takes place. Emotions, which emerge from the limbic system and influence our behavior, are rationalized in the neocortex. So what a company's communications need to do is

address the part of the brain that forms the center of emotions and the decisions we make. To do that, communication employing the golden circle method must start with the WHY and proceed outwards. The first step is to clarify the company's key message: What does the company believe in and do I believe in it too? People who identify with the key message being communicated by a company are then more likely to be willing to buy their product. So if you want to 'sell' digitization to your own employees and your customers, the first thing you need to do is answer the WHY question, clarifying for them the company's key message.

are a residential real estate company which aspires to be a good landlord for our tenants and an attractive employer for the people who work here. That is why we are focusing on a modern form of human resource development and are introducing an HR software which is more transparent and simpler for everyone. In order to do this we need to digitize your personnel file and we are counting on your agreement and your help.

The answer to the WHY question should be embedded in the company's corporate strategy and its digitization strategy. When this is the case, it is easy to answer the WHY. Doing so also ensures that the initiatives the company takes are all moving in the right direction. These strategies represent a framework, which adds even more substance to the WHY and fills it with life.

Summary

This brief overview shows how the right communication can be a strong tool in getting people onside. In this context, the Golden Circle method is a good way of achieving successful and targeted corporate communications. Even with complex and abstract topics like digitization it helps to translate them into substantial core messages that people can identify with. Be inspiring!

Do you have questions regarding this topic?



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Literature

Sinek, S. (2013): Sinek, S. (2013): Start With Why. [YouTube-Video], published 29.09.2013, <https://www.youtube.com/watch?v=sioZd3AxmnE>