Leading the Digital Transformation of Organizations

Sattar Bawany

"I'm most grounded on the role of technology. Ultimately to me, it's about the human capital and the human potential and technology empowers humans to do great things. You have to be optimistic about what technology can do in the hands of humans. . . . .We've got to get this balance between privacy and at the same time use of data for legitimate public safety. The internet is one of the greatest global goods and common goods. If we destroy it, we destroy a lot of our economic future."
—Satya Nadella, Chief Executive Officer, Microsoft Corporation (World Economic Forum 2015)
In Tech We Trust and The Future of the Digital Economy
The World Economic Forum, Davos 2015

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Abstract: In recent time, the explosion of data and unprecedented advances in computer processing power globally have dramatically increased the capacity to support decision making within various functional operations in organizations across industries. The world has moved well beyond basic and enhanced process automation and is entering an era of cognitive automation leveraging on artificial intelligence and robotics. The World Economic Forum is calling this the "Fourth Industrial Revolution" (Schwab 2017). The impact of advanced technologies touches virtually every industry and organization on many levels, from strategic planning and marketing to supply chain management and customer service.

In this article, we will focus on the structure of a digital organization and the accompanying challenges as well as the role of leaders in transforming the organization to succeed in the digital world.

Keywords: Digital age, Digital economy, Digital enterprise, Digital organization, Digital transformation, Digitalization, DNA of digital organization, IR 4.0, Leadership, The fourth industrial revolution

INTRODUCTION

Digitization has an impact on all organizations across various sectors or industries. In each case, the impact is a different one, which makes it essential for companies to have a good understanding and view of what they face and how digitization will affect their company: which opportunities can be seized and which threats have to be faced?

Digitization has been happening all around us for years and as consumers, we just expect to have the information we want at our fingertips and have become accustomed to companies making personalized recommendations for us and understanding our online behavior. This personalization is BIG business and is often referred to as "The Internet of Me" (Accenture 2015).

Leaders must create their own digital transformation strategy and ensure it is aligned with the business and growth plans of their organization. It is critical that there must be a commitment to and ownership of it by the various stakeholders including the Boards. For those willing to embrace this new world, it presents huge opportunities to be leveraged, which offers the prospect of new markets and new customers. However, to accomplish this, it would be crucial for the next generation of leaders to develop the relevant knowledge and skills, and that will help them evolve into a digitally transformed leader.

The impact of digital disruption has to be managed alongside the more general volatile, unpredictable, complex, and ambiguous (VUCA) operating conditions of recent years (Bawany 2016). An ability to calculate and manage/mitigate risk will, therefore, be another key requirement of leaders seeking to propel their organizations into the digital age. Navigating a course through these difficult conditions may also force leaders to look at their individual leadership style and decide whether it needs to be adjusted.

Technology has long been acknowledged as a disruptive force that has radically changed the nature of work, business, and society in general. In the 19th century,

the Industrial Revolution altered the world and how business was being managed profoundly and permanently. Then came, electrification, the automobile, and mass production, just to name a few massive technological changes, that has reshaped the 20th century. In today's 21st century, powerful digital technologies and the rise of Internet connectivity have created a knowledge-driven economy, which has revolutionized to a larger extent and made a great impact and profound changes in human history toward the way we work, live, and do business every day.

We have seen a vast range of ever-improving advanced technologies that are driving the disruptive innovation that will continue to change our world and define our world. Advanced technologies can simply be defined as emerging technologies that may enable new ways of doing business that result in more economical consumer trade-offs as well as improving employees productivity and enhancing the organization sustainability in the longer term. Disruptive innovation, a term coined by Harvard Business School (HBS) Professor Clayton Christensen, describes "a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors" (Christensen 1997).

Given how extensively the phrase "disruptive innovation" has been invoked in the last 20 years, Christensen revisits the most famous of innovative ideas in the article, "What Is Disruptive Innovation?" published in the December 2015 issue of the *Harvard Business Review*. He asserts that the concept of disruptive innovation has proved to be a powerful way of thinking about innovation-driven growth: "Many leaders of small, entrepreneurial companies praise it as their guiding star; so do many executives at large, well-established organizations, including Intel, Southern New Hampshire University, and Salesforce.com" (Christensen, Raynor, and McDonald 2015). Regrettably, Christensen believes that the disruption theory

is in danger of becoming a victim of its own success. Despite broad dissemination, the theory's core concepts have been widely misunderstood and its basic tenets frequently misapplied. Furthermore, essential refinements in the theory over the past 20 years appear to have been overshadowed by the popularity of the initial formulation.

The root causes of these transformative trends that are driving this current wave of disruption include technology, globalization, and demographic changes. We need to understand how the interaction among these forces has defined the present and will continue to shape the future by their impact on businesses, economies, industries, societies, and individual lives.

Organizations need leaders to visualize the future, motivate and inspire employees, and adapt to changing needs of both the internal and external stakeholders.

In essence, the heart of the leadership challenge that confronts today's leaders is learning how to lead in situations of ever greater volatility and uncertainty in a globalized business environment, allied with the needs to deal with scale, complexity, and new organizational forms that often break with the traditional organizational models and structures within which many have learned their "leadership trade" (Bawany 2015).

The Fourth Industrial Revolution (IR 4.0)

Professor Klaus Schwab, the Founder and Executive Chairman of the World Economic Forum (WEF), has published a book entitled *The Fourth Industrial Revolution* in which he describes how this fourth revolution is fundamentally different from the previous three, which were characterized mainly by advances in technology (Schwab 2017).

Schwab defines the first three industrial revolutions as the transport and mechanical production revolution of the late 18th century; the mass production revolution of the late 19th century, and the computer revolution of the 1960s (see Figure 1).

Figure 1: The Evolution of the Industrial Revolution
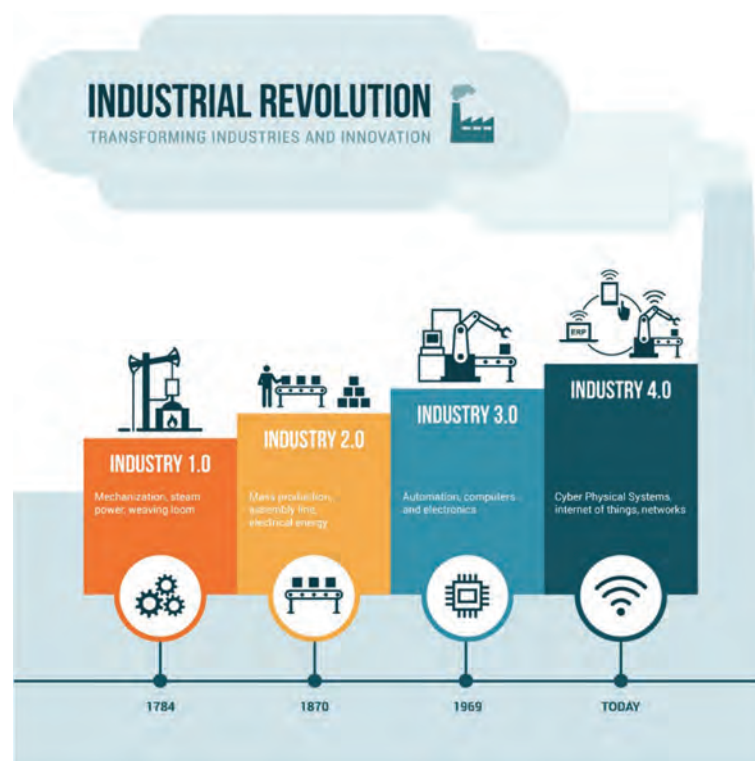
The Fourth Industrial Revolution or Industry 4.0 or IR 4.0 as it is commonly known, represents the combination of cyber-physical systems, the Internet of Things, and the Internet of Systems. In short, it is the idea of smart factories in which machines are augmented with web connectivity and connected to a system that can visualize the entire production chain and make decisions on its own. In this fourth revolution, a range of new technologies will evolve that combine the physical, digital, and biological worlds. These new technologies will impact all disciplines, economies, and industries, and even challenge our ideas about what it means to be human.

Technological innovation is on the brink of fueling momentous change throughout the global economy, generating great benefits and challenges in equal measure. To thrive in this environment, Schwab argues, public–private research collaborations should increase, and should be structured toward building knowledge and human capital to the benefit of all.

There will be enormous managerial leadership challenges as the impact of technology and the disruption that comes will result in an exogenous force over which leaders would have little or no control at times. However, it is the role of leaders to guide their teams and to be mindful of these forces when making business decisions that would impact on the sustainability of their organizations. They should thus grasp the opportunity and power so as to shape the Fourth Industrial Revolution and direct it toward a future that reflects the organization values and success.

To do this, however, leaders must develop a comprehensive and globally shared view of how technology is affecting the lives of their employees and at a macro level how it is reshaping the economic, social, cultural, and human environments. There has never been a time of greater promise, or one of greater potential peril. Today's leaders and decision makers, however, are too

often trapped in traditional, linear thinking, or too absorbed by the multiple crises demanding their attention, to think strategically about the forces of disruption and innovation shaping their organization's future.

In the end, it all comes down to people and values. Leaders need to shape a future that works for all stakeholders by putting people first and empowering them. In its most pessimistic, dehumanized form, the Fourth Industrial Revolution may indeed have the potential to "robotize" humanity and thus to deprive us of our heart and soul. But as a complement to the best parts of human nature—creativity, empathy, stewardship—it can also lift humanity into a new collective and moral consciousness based on a shared sense of destiny. It is incumbent on us all to make sure the latter prevails.

Leading in Industry 4.0 would require the next-generation leaders to be able to adapt to these new technologies and to be able to do so effectively means that the relevant leadership skills and competencies would need to be developed and demonstrated effectively.

The Evolution and DNA of Digital Organizations

Digitalization and digital transformation have fundamentally impacted and changed businesses and organizations alike across diverse industries. Digital technology is having a profound effect on the 21st-century organization. It is fundamentally changing the way we work, the way we manage, where we work, how we organize, the products we use, and how we communicate. We are just learning how to use new technologies for our benefit, and in the process, we are uncovering new challenges and opportunities.

Throughout the 1990s and early 2000s, global telecommunications, data networking, and the Internet moved the business to a new era originally called electronic business or e-business. Today, several

decades later, we have moved beyond that reality in some areas of business, while others remain largely unchanged. Business operations have made previously unimaginable advances using these modern technologies to become more efficient and productive than ever in diverse areas of business, such as customer, product, and enterprise operations.

GE has traditionally made most of its money by selling industrial hardware and repair services, but realized that it was at risk of losing many of its best customers to nontraditional competitors like IBM and SAP and to big-data start-ups who were trying to shift the customer value proposition away from goods and services and toward realizing new efficiencies through analytics and algorithms. So in 2011, the company embraced digitalization by adding digital sensors to all of its machines, connecting them to a common, cloud-based platform, and investing in modern software development capabilities, essentially transforming their business model (Iansiti and Lakhani 2014).

Arguably, the technology advances of this new era may have had a net negative effect on our ability to communicate and collaborate. Work, which used to fit relatively neatly into hierarchical organization structures, now more closely resembles a web that crosses structures, P&L boundaries, legal entities, cultures, time zones, and languages. Adding complexity, the lines across industries are blurred. Project teams are spread across the globe. Responding to rapidly changing threats and opportunities requires dynamic allocation of people's time and the organization's resources. Organizing all of these activities is time-consuming for most and overwhelming for many. Today leaders, managers, and other knowledge workers struggle with proliferation, information overload, and attention fragmentation.

The pace of communications has increased exponentially. In previous generations, dictated memoranda typed by assistants have issued typically a handful of times a week. Today, many managers, leaders, and knowledge workers wake up each morning and scan tens or hundreds of emails and texts before they get out of bed. Communication volume has increased in all directions. Internally, tracking the status of work takes countless emails, status meetings, and phone calls. Systems and sensors all around us track operations and produce data as never before. Externally, customers and partners are increasingly informed, empowered, and vocal. At the same time, so-called productivity tools have replaced many executive assistants who used to sort, filter, organize, and block wasteful communications.

With all this change, some things remain constant. Organizations, filled with people, still exist to unite around a common purpose, common values, strategic objectives, and getting things done. People remain the most critical asset of most organizations—but are increasingly in the shadow of machines and in a maze of technologies. Individuals are still bound by hours in the day and their mental ability to process information. Work (done by computers and people) must be coordinated to create maximum value. Organizations still need great leaders, managers, and employees at all levels to get things done in an efficient and effective way. We believe there is a tremendous unrealized value from this new era yet to be claimed in how we communicate and collaborate in the future work environment (Deloitte 2016).

The Digital Disruption of Businesses

Today, many organizations across the world are operating in a more complex environment where the fundamental definition of how customers experience and interact with the organization and its products is being challenged and redefined. Market leaders are also facing competition from a myriad of nontraditional providers who threaten to disintermediate the traditional business model (KPMG 2017).

For many organizations, the question that needs to be answered is to what extent or degree digital disruption has impacted or will continue to impact their business and more importantly what can be done to address the various challenges that arise out of this new normal. The reality is that an organization needs to be fully aware and appreciate the significant challenges to the organization's future by the digital. It is crucial to remember that digital disruption is for much more than simply understanding and deploying new technologies. Across many markets and industries, it has been reported to drive a wave of innovation in business models, products, services, and internal business processes that can threaten an organization's survival. In addition to harnessing new technologies, organizations and the next generation of leaders would require to adopt new ways of thinking and doing business, new roles and skills, new organizational structures and operating models, and adapting to a much faster rate of change.

Digital innovation is already transforming many businesses globally across the industry from the entertainment recording industry to banking, publishing, and the news media. Customers who used to visit a video store for a rental now download or stream digital content. Newspaper deliveries and walking into a bank to pay bills have increasingly become things of the past. Companies are employing digital innovations to reinvent customer experience, optimize the supply chain, break down internal barriers or silos to achieve collaboration, and ultimately drive profitability growth by targeting new markets. Digital platforms are reconfiguring business models paving the way for new areas of profitable growth and disrupting the established status quo. New competitors can now sweep into the market with speed and agility, rewrite the accepted rules of a sector and grab a competitive advantage. This global phenomenon is made possible by the increase in mobile and Internet penetration across the globe. Clear examples of these include Alibaba, which has changed how we buy things with their business-to-business marketplace and cloud offerings opening up new upstream markets. As the digital economy goes mobile, Alibaba's highly efficient two-sided commerce platform is enabling it to compete effectively with rivals that control the leading smartphone and tablet platforms—Apple and Google. Netflix transformed how we view entertainment and consume videos while new entrants Airbnb and Uber have shaken up the hotel and transportation industries. Facebook may not immediately come to mind as a media company, but it is quickly changing the way that its users consume and interact with content—including breaking news. Today, many people actually get their news updates via social media, and Facebook has done an admirable job of completely changing the way the world consumes information in the form of the News Feed (see Figure 2).

CRITICAL ELEMENTS FOR DIGITAL TRANSFORMATION OF BUSINESSES

To ensure their readiness toward digital business transformation, most organizations would deploy the state-of-the-art technology but do they have a relevant structure in place? Are they equipped to attract, develop, and retain digital talent? Do you know what it takes to lead in a digital era? These are questions that many, if not all, organizations are grappling with as they seek to succeed in the digital era.

Maturing digital businesses are focused on integrating digital technologies, such as social, mobile, analytics, and cloud, in the service of transforming how their businesses work, while less mature digital businesses are focused on solving discrete business problems with individual digital technologies, according to the 2015 global study of digital businesses by MIT Sloan Management Review and Deloitte digital business study. The study, which reflects the views of more than 4,800 executives and managers, as well as interviews with business and thought leaders, examines the emerging

Figure 2: Examples of Disruptive "New" Business Models
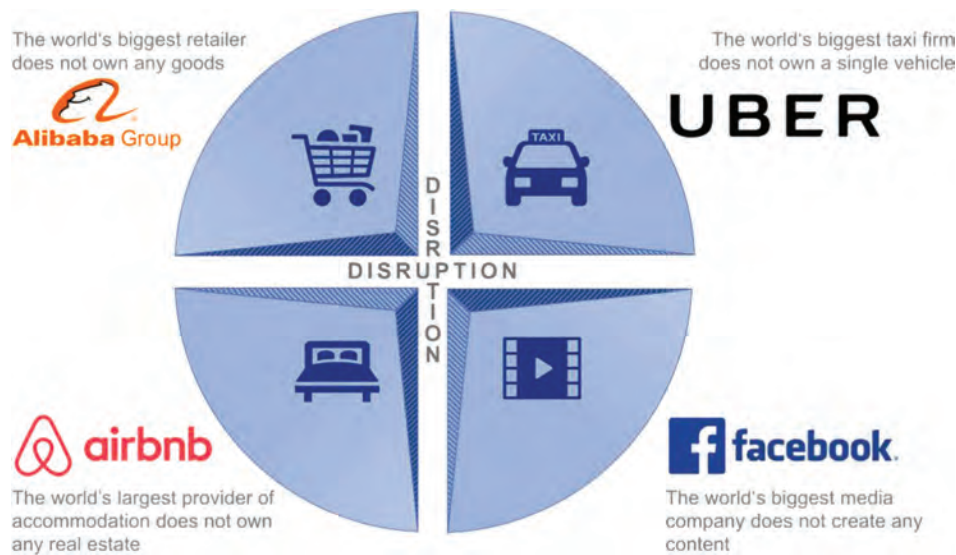
contours of digital business and how companies are moving forward with their digital transformations (Kane et al. 2015).

The ability to digitally reimagine the business is determined in large part by a clear digital strategy supported by leaders who foster a culture able to change and invent the new. While these insights are consistent with prior technology evolutions, what is unique to digital transformation is that risk-taking is becoming a cultural norm as more digitally advanced companies seek new levels of competitive advantage.

Equally important, employees across all age groups want to work for businesses that are deeply committed to digital progress. Company leaders need to bear this in mind in order to attract and retain the best talent.

The following are key highlights of research findings (Kane et al. 2015).

■ **Digital strategy drives digital maturity**. Only 15 percent of respondents from companies at the early stages of what we call digital maturity—an organization where digital has transformed processes, talent engagement, and business models—say that their organizations have a clear and coherent digital strategy. Among the digitally maturing respondents, more than 80 percent do.

■ **The power of a digital transformation strategy lies in its scope and objectives.** Less digitally mature organizations tend to focus on individual technologies and have strategies that are decidedly operational in focus. Digital strategies in the most mature organizations are developed with an eye on transforming the business.

■ **Maturing digital organizations build skills to realize the strategy.** Digitally maturing organizations are four times more likely to provide employees with needed skills than are organizations at lower ends of the spectrum. Consistent with the study's overall findings, the ability to conceptualize how digital technologies can impact the business is a skill lacking in many companies at the early stages of digital maturity.

■ **Employees want to work with digital leaders.** Across age groups from 22 to 60, the vast majority of respondents want to work for digitally enabled organizations. Employees will be on the lookout for the best digital opportunities, and businesses will have to continually up their digital game to retain and attract them.

■ **Taking risks becomes a cultural norm.** Digitally maturing organizations are more comfortable taking risks than their less digitally mature peers. To make their

organizations less risk averse, business leaders have to embrace failure as a prerequisite for success. They must also address the likelihood that employees may be just as risk averse as their managers and will need support to become bolder.

■ **The digital agenda is led from the top.** Maturing organizations are nearly twice as likely as less digitally mature entities to have a single person or group leading the effort. In addition, employees in digitally maturing organizations are highly confident in their leaders' digital fluency. Digital fluency, however, doesn't demand mastery of the technologies. Instead, it requires the ability to articulate the value of digital technologies to the organization's future.

THE DIGITAL WORKPLACE

Many business leaders are currently operating under a traditional model: vertically integrated companies hiring full-time employees to work eight- to nine-hour shifts in a company's own office, campus, or factory. However, the traditional way of doing business is quickly becoming outdated.

Today's growth in technological capabilities, exponential increase in computing power available to both consumers and enterprises, and almost ubiquitous Internet connectivity among other digital advances are changing the way employees and enterprises work. Organizations are benefiting from the increased digitization of the workplace through increased productivity, cost savings, a more mobile and agile workforce, and generally increased flexibility and adaptability in an ever increasingly complex marketplace. Enterprises are collaborating more globally, and with more diverse and global staff. Employees can now work all over the world, from the jungle to the arctic, as long as they have reliable Internet.

While this has been a boom for employers, it has also changed the power balance in the employer–employee relationship, often more toward the employee (Brown et al. 2015). The ability to work from anywhere and stay connected through smartphones, tablets, and other mobile devices has enabled employees to stay connected and collaborate with peers and stay on top of digital trends more readily than the organizations they work for.

This new digital workplace also creates its own challenges, including security, developing a new kind of digital etiquette to expectations for employees, and the tendency for building an expectation of always being "on," causing burnout and often leading to retention problems. Integrating digital technologies into the workplace can not only wreak havoc on the productivity of workers, but it also creates its own distinct culture, impacting the previous work culture and the general work experience. These changes will challenge the workplace by forcing both executives and employees to adapt the way they interact with each other and the technologies that enable their work.

Companies must be proactive in creating new systems and policies, and reinterpreting their corporate culture around digital in the workplace, or they risk losing clients, lowering productivity, and losing talents. Organizations that will succeed in this new digital work environment are those that can be open to innovation and adopt new digital methods, while also curating those digital experiences for their employees, including creating distinct lines between work and nonwork, and making the workplace overall more human-centered rather than technology-centered.

The growth in computing speed and storage is making virtual and global collaboration possible in more fields every day. As technology and networks become more robust, the computing power available in consumer hardware continues to increase, and employees become more comfortable with working on their devices, rather than meeting face to face or having to come into an office. Having a more digital savvy team has been a boon for employers. Technology supporting a digitally integrated workforce gets stronger and more robust every year, enabling enterprises to keep a very disperse team on the same page logistically and moving toward the same goals. Mobile computing is rapidly

expanding access to the network of global workers connected by data as well as voice. Teams across time zones and countries can work remotely while staying connected to their teams virtually via Skype, VoIP, email, and cloud-stored files. Companies no longer need to send workers on an expensive airplane ride to visit clients or collaborate with other teams. Technical and social mobility decouples people and organizations from physical geography and defined markets. Today's workforces are freer to go where they want to work instead of staying where work originates. Easier access to skill development resources is making vertical moves easier, too, for both people and organizations.

CHALLENGES OF MANAGING TALENT IN DIGITAL ORGANIZATIONS

The digitization of things has not only changed business models; it has spawned hosts of new terminology that both HR and Business Leaders will need to understand if they are to hire and train for the digital revolution (Nanterme 2016). Here are a few:

■ **Digital Ecosystems**: The grand network of connections and its transformative power.
■ **Fourth Industrial Revolution**: The WEF's term for the digital transformation of industries.

■ **Internet of Things**: The system of interrelated computing devices, mechanical and digital machines, objects, animals, or people who are given unique identifiers and the ability to transfer data over a network without needing human-to-human or human-to-computer interaction.
■ **Industrial Internet of Things**: The use of the Internet of Things technologies in manufacturing. It combines machine learning and big-data technology.
■ **SMAC**: Social, mobile, analytics, and cloud technologies.

The quality of human capital and having the right talent is critical in transforming to a digital organization. Firms need the best people they can find, and to succeed they need to build the value of people over time. This might be achieved through training and good management or, where the pace of change is great, sourcing staff who can contribute the skills required to remain competitive.

The Talent Management Cycle developed by the Centre for Executive Education (CEE) and having been implemented extensively and successfully in Asia Pacific (Bawany 2014) could be adapted for a digital organization and consists of four essential phases as follows (see Figure 3).

Figure 3: The Talent Management Cycle for a Digital Organization

Talent Planning

Proactive analysis and planning to assure long-term strategic development and deployment of critical leadership and other resources through systematic identification, assessment, planning, and developmental action for a successful digital business transformation of the organization.

At the outset, the talent strategy should address the skills and capability gaps revealed by assessing what currently exists and what is needed now and in the future. This does not come naturally to many digital natives but is a lesson that can be learned from successful corporates.

A key part of this planning process is to establish outcome-based measures that align the talent strategy to the digital strategy. Many organizations also identify critical workforce segments that will drive a disproportionate percentage of the revenue growth and focus their talent management activities on these roles.

Talent Acquisition

The talent plan will no doubt highlight areas where new skills and capabilities are needed in the organization. Although it is sensible to believe that people already in the business can be retrained into new roles, this is a process that takes time and effort to accomplish, even if new techniques reduce the cost and increase the efficacy of talent development. It is therefore likely to be necessary to identify and attract new people into the organization at a number of levels.

Proactively recruiting world-class, diverse talent based on the desired skills and competencies for the various functional roles in a digital organization as well as providing onboarding support for them to accelerate their assimilation into their roles.

The Internet has transformed recruitment in multiple ways. Online job search engines such as Seek and MyCareer have made it quicker and easier to post positions, and for candidates to search for roles. More recently, the growth of social media

networks such as Facebook, LinkedIn, and Twitter has increased the ability of companies to promote their employment propositions and find quality people.

When Caesar's Resort was about to open at a new location in Cincinnati, it was faced with a daunting challenge; hiring for 700 new positions in just five weeks. To meet that goal, HR used digital interviewing technology from HireVue that allowed the more than 5,500 applicants to self-schedule their own video interviews that were later vetted by the resort's hiring teams. The technology allowed the hiring team to effectively manage the large pool of candidates in a short period of time. From that pool, 1,800 candidates were invited for in-person interviews.

Take the time to understand the talent that you are trying to recruit by thinking of them in the same way that a marketing team would think about a customer segment. In doing so, list out the story that you want to present to a new recruit that highlights the skills and what you will have to do for them in order to make a role attractive. This takes more time than writing out a job description, but after thinking about a few roles in this way you will likely find that new archetypes develop for digital talent.

More broadly, digital HR has shifted the boundaries of the job market. Finding the right person for a job is now less limited by geography, culture, or working hours. Smaller organizations are now also better equipped to compete for talent as the cost of promoting roles and reaching prospects falls. But there are also risks that need to be managed. LinkedIn, for instance, provides recruiters and competitors with a powerful tool for searching through the talent within organizations.

Talent Development

Bringing in new skills is a small part of managing digital talent: making the most of what you have already is far more important. People already in your organization

have great experience about what makes it tick. The digital economy may be distinctly terrifying for them—change in itself is difficult to cope with—but as this type of change only happens once in several generations, you need to consider what support your people need.

Designing and implementing learning and development programs, processes and assessment tools for the talent to enable them to be effective in their current and future roles including assuming leadership responsibilities. This is critical toward developing a leadership pipeline or assuring near-term leadership continuity by thoughtful consideration of the availability, readiness, and development of internal talent to assume critical "priority" leadership roles to drive the digital transformation of the organization.

Digital innovations make it possible to provide more targeted and flexible approaches to training by reducing workers' attendance of duplicate or unnecessary sessions and allowing them to complete course elements at home or while traveling. For managers, they can prove to be a handy tool for spotting talent.

Properly segmented, digital business functions can be supported with a defined set of knowledge assets. These assets, ranging from training material to delivery templates, can have associated experts distributed across the company and with partner organizations. Some businesses are also harnessing their retiring workforce's capabilities through part-time and remote support using mobile solutions. The newly retired engineer, for instance, is able to travel the world for leisure while still contributing a half-day of productive work mentoring younger staff.

Although it may sound obvious, digital learning needs to be delivered digitally. Classroom learning and heavily led courses that are not designed for the audience are not the right way to get across a culture of rapid take-up, customization, and personalization. Different people learn in different ways and it is no longer acceptable to create cumbersome one-size-fits-all courses.

Finally, online technologies allow organizations to reinvent conventional ideas of training and information sharing. By using the relatively cheap and easy-to-implement internal collaboration and communications tools now available, companies can increase the exchange of knowledge among staff, foster informal networks, and unlock the huge reserves of tacit knowledge residing within the business.

Talent Retention

One of the most valuable assets for companies that thrive in an era of digital disruption is a workforce of star team members who are invested in their jobs and the teams they work for. One of the key factors in retaining these employees whom you want to retain is to create an organizational climate in which they can perform to the best of their abilities and proactively give them the right career development opportunities.

You've developed a great talent plan, gone to market effectively, and brought in exciting new people to complement your digitally re-skilled workforce; it's inevitable that your competitors, even your partners, will start to circle around those amazing people you've invested so much in. So how do you keep them?

Part of the battle is to make sure that your workplace is the best it can be for them. It's easy to say, but lack of strategic alignment in leadership tends to encourage managers to keep a tight grip on their best people and prevent them from moving around the business to gain new skills and ascend the enterprise. New challenges are part of the retention plan, as is a really exciting workspace. A possible option would be tailoring and differentiating reward packages, such as by providing extended maternity leave for women and also sabbatical for millennials after several years of service as part of the employee flexi-benefits package.

Career pathways and development opportunities can also be a way to appeal to

different groups of employees. An option would include revamping your global mobility operations to better assist employees in searching for and undergoing international assignments. Exploring work–life balance options is another potential route to adopt. An example would be developing a function that completes transactional activities for key employee groups in order to free up the time to focus on high-value activities and as such improving job satisfaction and work–life balance.

Digital innovations offer opportunities to improve staff retention by providing more flexible working arrangements and allowing teams to use their own devices, such as smartphones, tablets, and home computers. Companies can, in turn, reduce office space and travel needs, tap into new models—such as using shared office facilities in locations where they have small teams—and explore ways to give staff more autonomy. The new mindset is that organizations need to provide core systems that can be accessed by staff, suppliers, and others via a wide range of computing devices. While there are security and data cost challenges to navigate, this is often a win-win situation. The business is free to concentrate on providing systems, while staff can use their preferred devices. This approach can be a step further for the company itself moving core systems to the cloud.

LEADING THE IMPLEMENTATION OF DIGITAL TRANSFORMATION

The days of leading and managing a group of people that worked and played side-by-side every day are long past. Instead, digitization gives organizations the opportunity to shift from traditional enclosed, hierarchical workforces to networked and distributed models.
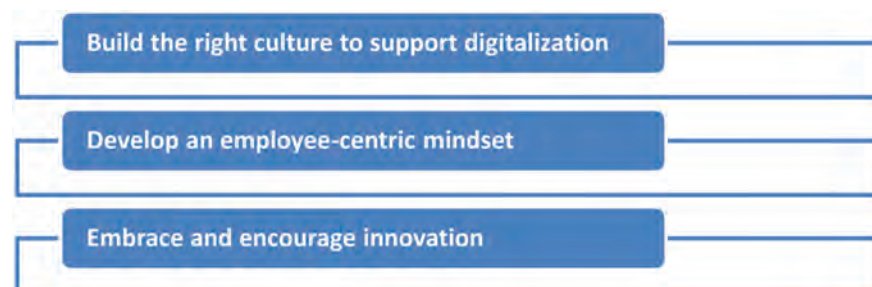
The distributed workforce allows the very best talent to be sourced from across the globe to work in virtual teams. Organizations and operations in remote or less-populated locations that have historically found it difficult to attract and retain talent are finding some reprieve in these workforce-model changes.

In an era of the digital workforce, an enterprise's culture must expand to include its digital workplace practices. Culture, engagement, and employee retention have emerged as top issues for business leaders. With a new kind of transparency previously unknown to large enterprises, there has never been more pressure on companies to have a positive, productive digital culture. Organizations realize they need to address these issues. Eighty-seven percent of organizations cite culture and engagement as one of their top challenges, and 50 percent call the problem "very important" (Bersin et al. 2015).

It is the job of the organization to create and support a singular vision that everyone is working toward, whether that is in an office or online. No matter where an organization is on the path to digital transformation, executives can take steps to create a supportive, adaptive workplace for the people who can help their organization grow to the next level.

In the following are key thrusts for leading the transformation for the digital workplace (see Figure 4).

Figure 4: Key Leadership Practices in Driving the Digital Workplace

Build the right culture to support digitalization

Develop an employee-centric mindset

Embrace and encourage innovation

Build the Right Culture to Support Digitalization

Executives can give their company a competitive advantage and attract top talent by having a strong workplace culture already in place that supports digital implementation. Many studies now show that highly engaged companies can hire more easily, deliver stronger customer service, have the lowest voluntary turnover rates, and be more profitable over the long run.

It is the responsibility of the enterprise to develop the kind of culture they want to see, including how to embrace digital. A focus on culture can be used to understand knowledge management needs and personas of staff and make the undocumented explicit and accessible. Informed decision making and strategic planning are crucial for successful implementation of a strong digital workplace policy and coordinating a digital culture that works for everyone.

Culture is just as important as the strategy when it comes to creating a productive, successful enterprise. If enterprises do not actively work to create a culture that supports their broader goals, strategy, or vision, they leave their employees without any way to execute on those goals, and the strategy executives worked so hard on will soon be going nowhere (Main 2015).

Perhaps the biggest reason to actively promote the kind of digital culture wanted within an enterprise comes down to the employees, the exact people who you would need to count on executing that culture daily. Without a culture that supports the new reality of the digital workplace, or policies to support the culture, organizations face a loss of productivity, frustration from workers at all levels, and retention problems.

Organizations that create a culture defined by meaningful work, deep employee engagement, job and organizational fit, and strong leadership were outperforming their peers and are more likely to beat their competition in attracting top talent.

Companies must work to reintegrate the human into the digital workflow and get people communicating seamlessly with one another almost despite all of the technology available. One way of doing this is to encourage person-to-person interactions. Many companies still encourage in-person meetings rather than virtual. Some companies also strongly push their employees to get up and walk over to chat with a coworker on the same floor rather than email.

Develop an Employee-Centric Mindset

Treat your employees like customers. As the job market has heated up and new technologies have exploded, power has shifted from the employer to the employee. It is the job of the organization to make room for people to grow and feel like they are part of the team. Managers and executives must curate and create a digital experience for their employees, or they will be left to create piecemeal solutions for themselves that may leave them frustrated and perceive the company to be disorganized.

A supportive digital culture allows team members to feel connected and included even if they are spread out across the globe. This can be as simple as using enterprise-wide digital collaboration tools like Yammer or Slack.

Have a work culture that supports designated "off" times both physically and virtually. It is important for the organization to make sure talent doesn't burn out. That means creating policies that care for the whole person. This includes obvious things like health care and retirement, but in the digital age, it also includes having vacation policies that include a digital vacation and a chance to truly unplug.

In 2012, Leslie Perlow, a professor of leadership at HBS, conducted research on the need that consultants at the Boston Consulting Group be "on" 24/7. Her work revealed how to break the "always on" habit and change the way one works. Employees not only discovered ways to turn off one

night a week, they also became closer as a team, were more satisfied with their jobs, and produced better results. The company saw a clear improvement in recruitment, retention, and engagement, and the process spread throughout the organization (Leslie and Perlow 2012).

Embrace and Encourage Innovation

Corporations need to offer some flexibility in order to be able to adopt digital platforms and strategies. Great talent thrives on impact and innovation—the same things a company needs to survive in the future. If a company prioritizes its processes over smart and impactful contributions, it is setting itself up to lose creative up-and-comers, not to mention potentially falling behind the competition. Innovators and change-makers set bold ambitions and work on the edge of possibility. Employees working in the trenches often find the most efficient solutions, and it is often best to follow their lead.

Be open to creative employee solutions, even for something that may seem like a "time sink" like Facebook Groups or Slack. Usually, employees catch on to effective systems faster than executives, and a good leader needs to be open to that kind of innovation rather than trying to put limits on innovation. One of Google's most famous management philosophies is something called "20% time" (D'Onfro 2015). Employees are encouraged to spend 20 percent of their time working on what they think will most benefit Google, in addition to their regular projects. "This empowers them to be more creative and innovative. In some ways, the idea of 20 percent time is more important than the reality of it," wrote founders Larry Page and Sergey Brin. According to Google CHRO, Laszlo Bock, "[Twenty percent time] operates somewhat outside the lines of formal management oversight, and always will because the most talented and creative people can't be forced to work."

Set the stage for innovation by breaking down barriers and empowering your workforce. Give employees the opportunity to venture out of their standard career paths and customize their jobs to align with their personal and evolving skill sets, interests, and career goals. Provide a more open work environment with increased information transparency and trust in expertise by changing the default content and process working mechanisms from private to public.

All of these can set any enterprise on the path toward a successful digital workplace and supportive culture.

Conclusion

Leadership is, in fact, more important in times of change than at any other, but its nature has perhaps changed somewhat to take into account the more collaborative nature of the digital workplace. The digital revolution not only opens up new opportunities for how organizations arrange work and structure themselves, but it also leads to new ways of working and leading high-performing teams.

Though some traditional leadership capabilities still remain critical to successfully lead in the digital era (e.g., creating and communicating a clear vision, motivating and empowering others, etc.), there are also new requirements for leaders at all levels of the organization. These demand a dynamic combination of a new mindset and behaviors, digital knowledge and skills that are critical to leading teams in the digital era.

As digital impacts the entire organization, it requires effective leadership at all levels to drive the digital strategy going forward. As digital transformation expands across the organization and the "war for talent" continues, organizations need to consider a more structured approach to building a healthy leadership pipeline with the necessary capabilities to lead in the digital era. They can do this by placing

potential leaders in positions that stretch them beyond their current competencies and skills, to coach them and support them on building new digital capabilities as rapidly as possible.

Maybe one day in the future everyone in every the organization will be a leader but for now, the traditional practice of leadership remains as vital as it ever was.

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