Leadership in the New Day of Today

Exponential Leadership in a Digital World

Over the past several years, we have observed a marked shift in the leadership attributes seen in senior leaders who are successfully creating new businesses and/or revitalizing existing businesses. The force driving this change is the cataclysmic impact of big data, digital technology and Artificial Intelligence (AI) on both new and legacy business models. Today's increasingly technology-driven world and its unique mandate are changing how businesses relate to their customers, how they gain new insights into marketplace dynamics, and at a very fundamental level, how they disrupt and create new value. The leaders of this new, networked, Digital World have distinct characteristics, capabilities and competencies that differentiate them from successful Industrial Age leaders.

Earlier in our series on Exponential Leadership, we addressed the effects of the Digital World on strategic planning and organization design.

In this piece, we will describe the new trends we are seeing in the attributes of successful leaders at this stage of business disruption, albeit at perhaps an early stage. Our attention is particularly focused on emerging, networked, digital and platform-based businesses as they are important new models that are transforming how many businesses and industries operate. Our thinking is also relevant to legacy businesses that are trying to keep themselves going while becoming engaged in the digitally networked revolution.

**Just tuning into the
Exponential Leadership in a Digital World series?**
Click here to read Exponential Leadership in a Digital World
Click here to read Implications for Organizing Structures (Part 1)
Click here to read Implications for Organizing Structures (Part 2)
Click here to read Implications for Strategic Planning

AN EXPONENTIAL LEADER SEES AND HAS THE ABILITY TO CREATE SIGNIFICANT ORGANIZATIONAL VALUE BY INTEGRATING A HISTORIC – SUCCESSFUL – BUSINESS MODEL WITH AN ADVANCED DIGITAL PLATFORM.

real. clear. insight.

Traditional Model of Leadership

For many years, we (and many others) have espoused a leadership model that is characterized by:

- joint visioning of possibilities for a business borne from collaboration, inclusion, and openness among the top leadership team;

- focused discipline on aligning resources and systems to support that vision;

- ensuring at all times there is sound economic logic in the vision; and

- a vision that is well-understood, with everyone contributing their part in bringing the vision to life.

These leadership attributes, as validated by The Clarion Group's research conducted several years ago, drove sustained profitable growth over five or more years in many businesses.

Today, many if not most leadership competency models and related assessment tools are aligned with this view of leadership and, through their use, perpetuate the model. Market conditions and new capabilities, however, increasingly require businesses to respond to consumers' new expectations that the businesses that service them are networked and digitally enabled with mobile apps, virtual assistants, etc. Customers expect their vendors to serve their needs in a manner that positions them to be in control of their own experience. This raises an interesting question: does the networked and Digital World require a new kind of leadership? This question led us to re-examine our prior research and thinking and, with a new set of eyes, look at those networked, digitally enabled and evolving legacy businesses to understand the emerging style of leadership that now seems to be needed.

New or a Temporal Model of Leadership?

Consider the range of new businesses that in a relatively short time have grown into substantial, profitable and/or highly valued enterprises. Amazon, Uber, Facebook, YouTube, Pinterest, and Tesla are all examples of remarkable success, despite the marketplace and regulatory challenges they face. Consider these lesser known successes – Moovit, Outbrain, and Waze. These platform-based businesses, both large and small, have been imagined and built by very strong, visionary leaders. Such leaders tend to be impatient and challenging. They are focused on value discovery and are driven to realize the possibilities they identify. These networked and digitally oriented leaders possess strong vision, courage, conviction – and a healthy ego. In many cases, the leader's vision has been the force that has convinced others to see and support it. These new, disruptive leaders seem, at this time, to diminish the value of the synergistic thinking of a multi-dimensional team that has characterized strong, successful leadership up until now. For legacy business leaders who have been successful, it may be a near impossible personal shift in their leadership style to operate in this manner, especially as their core legacy business must continue to march on to create the capital needed to invest in digital efforts.

This emerging pattern is interesting because it suggests that our new networked, digital and platform-based businesses are more dependent on leaders who are hard driving, innovative new value creators. While some of them have and are known for their extreme operating styles, the reality is that their strong mindedness and commitment to a vision have been more individually borne than collectively borne and are the basis for the organization's long-term success.

The new wave of digital/data/AI capabilities is birthing not just new enterprises, but also perhaps a new wave of leaders who embrace a very new style of leadership. Consider the shift in some of the foundations of leadership that are commonly accepted:

FROM "Industrial Leader"	TO "Exponential Leader"
Collaboration and collectivity	Driven, self-borne vision
Leading top-down through layers of established responsibility	Participating in an ecosystem of internal and external relationships that is aligned to the leader's vision
Driving the revenue and expense balance to achieve profitability	Driving to sheer presence in the marketplace; market-space dominance
Hiring people into jobs that help drive the business "machine"	Hiring people, even when a role is undefined, because they embrace the leader's vision and have capabilities that can help achieve that vision
Igniting a sense of possibility using an inclusive approach	Seeing a new value creation idea and pulling others towards it
Taking an active role to architect organizational alignment	Assuming organizational alignment will occur with the adoption of the vision
Business planning linked to market opportunities	Business planning linked to the leader's vision, a vision that may not be rooted in marketplace data
"Together we can and will…"	"Stand with me and we will…"

Only time will validate if this shift in leadership is long-lasting or temporal as a characteristic of any early stage adoption. Given the regeneration of business models using highly interactive techniques, the contemporary leader seems to exhibit capabilities similar to those of an entrepreneur for new value creation and business model disruption.

It is, however, worthwhile to reflect on the possibility that the new leadership traits we are observing now are the ones required during a paradigm shift but not necessarily the behaviors that will be the foundations of leadership in the fully developed, networked and Digital World.

Exponential Leadership in a Digital World

If we think back to the beginnings of the Industrial Age, we remember the inventors and entrepreneurs who changed the world through their vision of a new future. They, too, were impatient visionaries and often hard-driving in their quest to change the world. The leadership model of the Industrial Age, though, did not emerge full-blown with the invention of the spinning jenny or the steam engine. Throughout the nineteenth and twentieth centuries, leaders developed new ways of organizing work, new organizational structures, and new approaches to managing ever-larger industrial enterprises. This historical perspective makes us cautious in characterizing the leadership behaviors of the pioneers of the digital revolution as the new foundations of leadership. What we are observing may be temporal and relevant to this specific moment in time of disruptive change.

What also impresses us in contemplating the past is that paradigm shifts take time. The Industrial Revolution was not a single event but unfolded over time. The shift to a fully networked and Digital World is also going to take time.

In recent memory, the "internet bubble," led most of us to expect dramatic changes in our personal and business lives. The dot-com phase in the mid-1990s was the height of the initial bubble. Today, the internet has evolved to become core to our lives, but it has taken several decades for it to mature.

Constraints of Change

Leaders recognize the profound changes going on around us. But leaders must be aware of the constraints they face. The potential of AI is one example. AI can radically alter how work is performed in an organization, and we should all be aware of both the possibilities and the pitfalls. Implementing AI, though, is another story.

Organizations need to identify the routines that can be performed through AI and find the engineers who can create the requisite algorithms. The talent needed to embed AI in a business is currently in very short supply, so for the time being, AI can only be a possibility for many organizations.

Current Model of Leadership

We do not yet know what will define effective leadership in the fully developed networked and Digital World. We do know that we are in the midst of a paradigm shift and that this shift demands new leadership behaviors.

Above, we described the leadership behaviors we have observed in some successful organizations that are "born digital." These businesses benefit from visionary direction from the top and a leader capable of commanding loyalty and commitment from members of the organization. Often, the leader's vision is more critical than the short-term economic viability of the business.

For businesses that are shifting to a networked and digital model, the leadership model is less clear. We can say that leaders need to be adaptable, open to change and willing to experiment. Leaders must recognize the need to create new organizational structures and these new, more networked structures will, in turn, impact leadership behaviors.

Whether a business is "born digital" or "becoming digital," it is incumbent on its leader to recognize the human implications of the paradigm shift we are experiencing. The Industrial Revolution significantly changed how people worked and lived. These changes were both liberating and disruptive. In the Industrial Revolution, new machines and factories provided new opportunities but also displaced many workers in traditional occupations.

Exponential Leadership in a Digital World

It also often dehumanized work by over-applying scientific management methods to work. The shift to a networked and Digital World is having a similar impact on people. Uber creates many new jobs for drivers but displaces traditional taxi services. Amazon employs an army of programmers, but the very efficiency of its platform threatens a host of businesses – and the people employed by those businesses. AI may free people from routine work, but it will also replace many jobs and change the nature of work. As organizations consider and adopt these new digital capabilities, the human implications become an important moral and ethical consideration, one the world has yet to fully contemplate. Understanding and addressing the human implications of the shift to a networked and Digital World may be the leader's heaviest responsibility. We will explore these issues further in future Exponential Leadership pieces.

Call for Action

On a practical level, leaders of successful legacy businesses need to take themselves and their teams to visit the new platform-based businesses that have mastered the networked and digital business model. This will help them create "in the mind's eye" what it is they and their teams should be pursuing. A call for action and care will only be triggered when teams can see how this emerging world of capabilities may impact their own world.

More broadly, if there is a call for action, it is a call for care. The benefits of pursuing digital transformation are enormous for many businesses; hence, they warrant pursuit. But the human implications of digital disruption are significant and must be fully considered business by business. Leaders need to simultaneously weigh both to ensure their organizations can survive their own transformation.

We invite you to stay in dialogue with us.
Meet The Clarion Group Partners