



Management & Leadership in the Digital Age

- An orientation guide for customers and consultants -
(Whitepaper)

Andreas Duffner, May 2016

-
- Customer Interaction
 - Enterprises & Organizations
 - Business Model Innovation
 - > **Management & Leadership**
 - Knowledge Workers
-

This is the fourth in a series of reports on relevant business areas in the digital age. The information is intended to point to essential topics for enterprises exploring their digital transformation.

All previous articles are available on d-transform's [website](#).

Abstract

New leadership skills are required to transform companies into the digital world. Managers and leaders have to be visionaries with unreasonable aspirations. Most importantly, they need to think 'disruptive' and show a 'Digital First' attitude. Best practices demonstrating that the economy has internalized the need for digital leadership capabilities that are reaching far beyond business process and digital technology expertise.

Why do we need new approaches in management and leadership?

In the recent past, leadership models have been developed and continuously improved, especially when it came to the global set-up and growth of businesses. For example, managers and leaders have been trained to build up and lead organizations across cultures and virtual teams. But are these experiences really sufficient to transform organizations into successful digital enterprises?



The digital evolution and disruption is pushing us to create and implement new ways of leadership and people empowerment!

Looking into operational practices, today's leaders are trapped in traditional linear thinking, fighting for their budgets and business plans. They are too absorbed by multiple crisis demanding their attention to think strategically about the forces of (digital) disruption and innovation.

Like hamsters in a wheel, managers are hunting for quick wins and incentives. There is no open space to think about 2022 and beyond, when the world will be completely different from how it is today.

As we are entering the digital age now (!), characterized by a fast speed of business model change, a shift from supply efficiency driven to customer centric businesses and the substitution of hierarchical organizations by networks and teams, we need to think about new approaches in leadership concepts – cultures and styles.

From Push to Pull – What are the skills, roles and tasks of successful *digital* leaders?



New digital leadership skills are required: such as visionary thinking with unreasonable aspirations, decision making in real-time and reconsideration of business activities every day!

Apart from a number of important skills discussed later in detail, digital leaders must have an excellent mindset in

‘Digital First’ and ‘Disruptive Thinking’

Both are supposed to be the basis for all considerations and actions that we experience in the course of business every day. As guidance, both can be used as a leadership instrument and transformation vehicle. They open the minds throughout the organization and creates a sustainable innovation culture.

Furthermore, it helps to leave behind old perceptions and traditions, guiding people beyond their comfort zone. Finally, it allows reconsidering business activities when changes are required – a characteristic of the digital world.

Visionaries with unreasonable aspirations, very strong in perennial communication about the WHY, WHAT and HOW, role models, and team players with co-operative leadership styles, are in demand. These leaders represent the companies on their ways to the digital world.



Successful digital leaders stop pushing their teams. They uncover the digital capabilities within their teams, lifting and pulling them to the next level. They are working as part of the teams on innovation programs. E.g. a CFO works as a financial expert and team member on a business case for an Omni-Channel program.

How can we characterize digital leaders? They are digital savvy, enjoy the use of digital tools and sharing information and knowledge. They understand their role (not hierarchical function!) as participative team managers. The leaders act as role models for digital transformation, driving it and inspiring others with a clear, tangible vision. The leaders know how to engage, attract, and incentivize (new) people, even outside the industry. They encourage their teams to think unconventionally and establish a positive and dynamic innovation culture.

“Today, the org chart is hyperlinked, not hierarchical. Respect for hands-on knowledge wins over respect for abstract authority”

The Cluetrain Manifesto 2000: Thesis No. 50

Digital leaders have a clear idea of the specifics of the digital economy such as new disruptive business models, even across industries (see whitepapers on d-transform's [website](#)).

Digital leaders' tasks reach far beyond business transformation and change management. Here are the most important tasks:

- **Overcome boundaries** of functional organizations to create powerful teams;
- **Hire and attract creative and dissenting people**, even from outside the industry and manage continuous education and development;
- **The leaders secure and channel the change** to ensure business agility and risk control in the exponential growing industry;
- They enable their teams for **decisions under uncertainty** and managing 'knowledge' as the companies' key asset;
- **Are excellent with delegation and trust in experts** (e.g. new business-critical expert profiles are data engineer, data analyst and data steward).

How do companies master their challenges in digital leadership? Two best practices.

Currently the German economy is gaining awareness about the digital transformation. For example, the CEOs of two leading global companies have given the topic executive board attention. They have realized that a successful digital transformation requires **digital capabilities** far beyond technical and process expertise:

-  **Excellence is our Passion** **Kasper Rorstedt** (CEO, recently announced as the new CEO of adidas) calls for digital education – as a strategic obligation for companies, accompanied by public initiatives (e.g. as part of www.digitale-agenda.de). In addition, Henkel is implementing special millennial programs to attract young talent and is starting to change Henkel's corporate culture to create teams across business areas for a new way of digital cooperation. For instance, all managers are trained in a compulsory leadership program, named "Leading digital change."
-  – is a globally recognized pioneer of Industry 4.0. **Elmar Degenhart** (CEO), said "... it requires a 'collective intelligence' and a network culture in a large organization with all business areas. Network culture outclasses hierarchical structures and helps to avoid departmental thinking ... managers need to toggle between hierarchies and their new role as team members."
(Becker, Knop; Digitales Neuland 2015)



*Digital capabilities will
determine which companies
create or lose value!*

Overall, digital leaders must be prepared to think differently about how digital businesses operate and how they can guide their organizations into the digital age. Most importantly, they need to focus on their customers, the knowledge management, the ongoing change of business models, the innovation culture, and the attraction and retention of key talents.

About the author

As a management and business consultant and business coach, Andreas Duffner has been working closely with global companies since more than 25 years. His core expertise is customer relationship management, business transformation, management of multi-cultural teams, digitization as well as leadership and team coaching. He was founder of two start-up companies. Andreas Duffner was instrumental in building SAP's global Business Transformation Services practices; in the course of this he built the practices in Asia, Pacific and Japan (SAP Asia, Singapore. 2008 - 2010).

The journey to the 'Digital Pavilion'

Visit d-transform's website www.d-transform.com and watch the video about the journey to the digital pavilion:



Imprint:

d-transform

Andreas Duffner
Roonstrasse 14
64625 Bensheim
Germany
+49 175 2681756

info@d-transform.com