





**B**rian Solís, writer and digital specialist, says that leadership and culture are the main challenges to take into account in the process of digital transformation in companies. And while it is true that leaders must combine traditional and new skills to effectively guide their organizations into the future, the latter's response to digital irruption must focus not necessarily on technology but also on people and processes. Why?

Digital technologies are disrupting all kinds of organizations; which is why it is urgent for companies to find a technological solution that allows them to compete in the new market. For a company to survive the abrupt landing of technology, Gerald C. Kane - writer, professor of information systems at Boston College and faculty director of the Edmund H. Shea Jr Entrepreneurship Centre - suggests that organizations make changes that allow them to harness the power of the digital age. Kane says that the digital transformation is mainly about people and that to make it effective, it is necessary to change organizational and executive dynamics of work. That is, an approach based solely on the implementation of digital technologies is bound to fail. The best way to respond to this change is to challenge the corporate culture; make it more agile, risk-tolerant and experimental. In this sense, Charlene Li, writer and specialist in change management in organizations, also asserts that in order to lead the digital transformation, the focus must be on people and the relationship with them - customers, employees, the leader -, not the technology.

In his CEO's Guide to lead the digital transformation, Tom Reichert - DigitalBCG's global leader in The Boston Consulting Group - and his colleague Martin Danoesastro believe that while the success of a transformation depends on the leaders of an organization, companies must not abandon their strengths and culture. An organization that has existed for 50 or 100 years or more has long-lasting and proven qualities that do not disappear in the digital age. Likewise, they suggest from BCG, that it is important to learn from external cases. Digital natives such as Uber, Airbnb, and Spotify, for example, have successfully attacked the taxi, lodging and music industries by meeting the needs of customers in new ways and taking advantage of technological innovation. These companies have created new operational models and new cultures. Then, CEOs must also carefully study how they can broadly apply new ways of working, new levels of customer service and new

technology platforms to their own organization.

### Change Leaders

In short, digital leaders are no different. They simply have to be permeable to change and acquire new skills in the process: they must quickly redefine themselves if they want to stay updated in the business world that changes the rules quickly and constantly.

Danoestro points out that vision and plans are critical requirements in a transformation. But digital transformations require space for course corrections. Leaders need to articulate a broad strategic scheme and the purpose and context for change. But they must also be open to comments from people in the organization, customers, and partners. They need to be able to correct the course, to implement adaptive leadership.

Going back to the previous idea, although in this context the leader is required to acquire qualities such as being innovative, empathic, disruptive and entrepreneurial, technology is only a means, the centre of a business will always be people. Gerald C. Kane, Anh Nguyen Phillips, Jonathan R. Copulsky and Garth R. Andrus - authors of *The Technology Fallacy: How People Are the Real Key to Digital Transformation* - after four years of research in collaboration with MIT Sloan Management Review and Deloitte, and having conducted interviews with more than 16,000 people and managers of companies such as Walmart, Google, and Salesforce, refer to the "digital maturity" concept as the ability to take advantage of the opportunities offered by the new technology and, with it, the need to foster an experimental mindset. Every organization needs to understand what the authors call

"digital DNA" to stop "doing digital" and start "being digital."

When describing the new digital reality for organizations, people tend to limit themselves to two common concepts. Some argue that the future will be more like the past, while others think that the future will be more novel. In reality, the technological fallacy referred to by Kane and company suggests, among other things, that the digital irruption will not end soon; the work forces will experience numerous waves over the years. With this in mind, when organizations seek to position themselves in a competitive market, they require strong leaders who can also create the conditions that allow for digital maturity, attract the best talent and make the best of the talent they attract.

Digital disruption misleads and, to some extent, leadership must be rewritten according to the digital age. Likewise, the leadership challenges of the digital world may be more equal than different, but we are too focused on what is different because it threatens what is known. Talent becomes even more fundamental during a digital transformation. Danoestro and his team suggest that it may be tempting to provide external staff with digital initiatives, but a more promising approach is to train current employees in digital skills. After training, these employees return to their line posts armed with new skills and new approaches. Of course, for some positions, companies may need to go out to hire talent. But given the competence level for employees with a background in technology that should only be done selectively.

### New Skills

When asked about how business and leadership are changing as



a result of digital disruption, the answer is under construction: although many of the main leadership skills remain the same, the particular demands of digital disruption also require certain new skills that allow leading the technological transformation in order to improve processes, attract talent throughout the organization and promote new businesses that generate value.

The best way to respond to digital disruption is to adapt the company's culture to be agile and innovative. Thus, the role of leaders fundamentally changes in an agile organization. They need to learn new behaviours and set aside some old habits. The Agile methodology, for example, is based on the empowerment of employees rather than a rigid hierarchy and government. Leaders in an agile organization establish context and purpose,



ensuring alignment and allowing autonomy. Finding the balance between alignment and autonomy is the definitive leadership test during a digital transformation.

Danoestro and his BCG team point out that in the same way that leaders must establish a broad vision but allow improvisation, they must also adopt more than one approach to digital transformation. The level of volatility and ambiguity in the market makes it impossible for leaders to know exactly what will work and what technological and analytical capabilities they may need to acquire. It is important to be permeable to new mechanisms such as open innovation - taking advantage of developments beyond the organization to build complementary services - and portfolio building, where companies must evaluate and experiment with dozens of dif-

ferent approaches, investments and agreements.

The pace of digital transformations can be relentless, the objectives may be more ambiguous than those of a traditional transformation, and there may be more need for external support. CEOs may need to act fast when quick decisions are required. They may need to act on more imperfect information than the one they usually have. They may have to work in a way that they see as "a non-CEO." But in the era of agility, leaders need the ability to filter an avalanche of digital initiatives, manage accelerated innovation cycles and reshape the organization around new approaches such as "agile".

In short, it is important to keep in mind that in the digital age, leaders must incorporate new capabilities -

be innovative, empathic, disruptive, enterprising - if they want to stay updated in the business world that changes the rules in an uncertain, fast and permanent manner. However, it should be remembered that technology is only a means: people are the centre. Therefore, new and traditional standards and skills can and should coexist in pursuit of a successful career driven by digital disruption. ▽

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