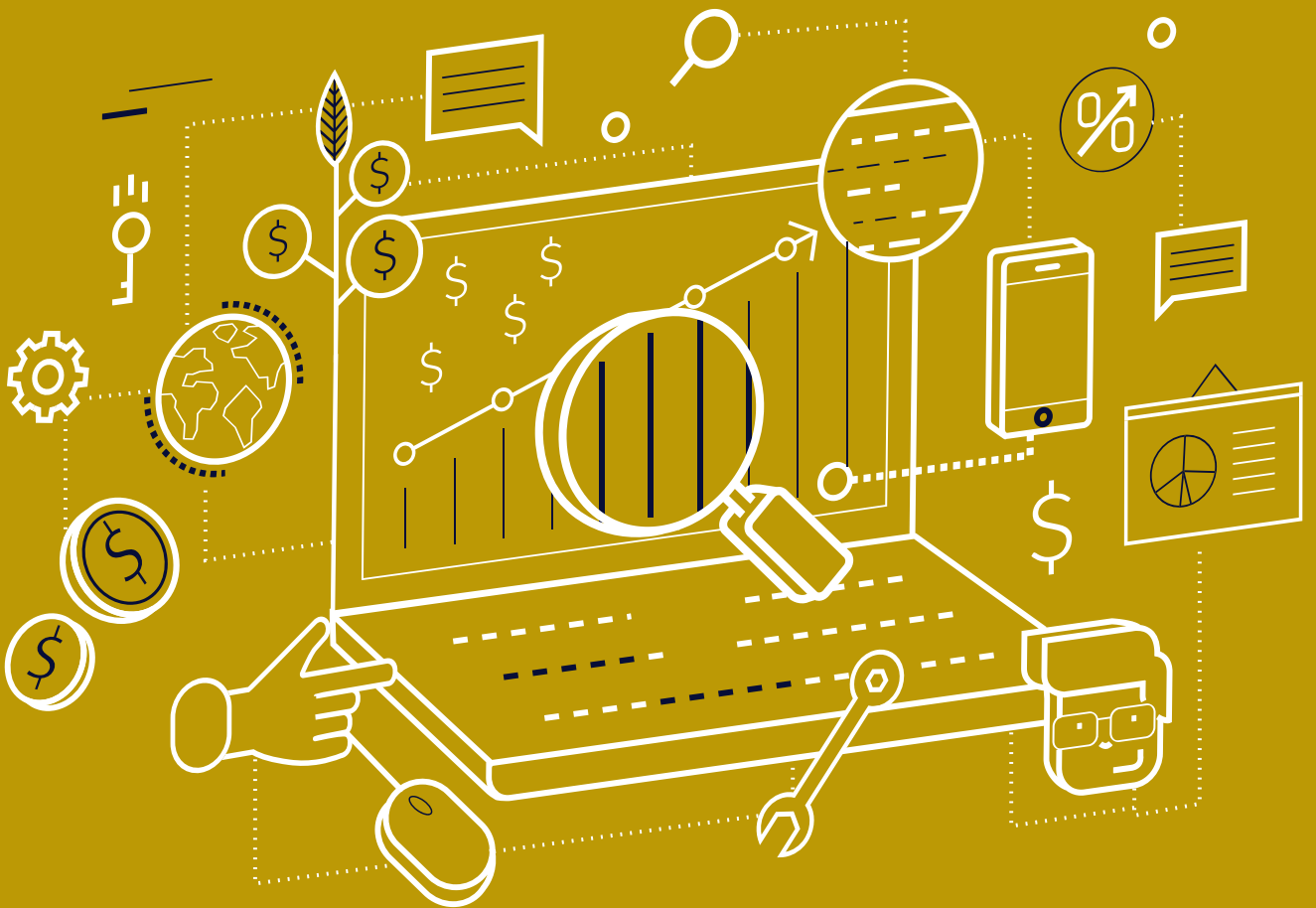


DIGITAL DISRUPTION

EXPLORING THE IMPLICATIONS FOR

LEADERS AND LEADERSHIP DEVELOPMENT



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EXECUTIVE SUMMARY DEFINING THE KEY THEMES



THE DAWN OF THE DIGITAL AGE

We live in an era of unprecedented business change and complexity.

The last three decades have seen a rapid shift towards an interconnected economy based on the convergence of multiple technology innovations enabled by connectivity and data. Businesses across industry sectors are facing disruption from emerging competitors and new business models.

We have to adapt to the digital age.



The best swordsman in the world doesn't need to fear the second-best swordsman in the world; no, the person for him to be afraid of is some ignorant antagonist who has never had a sword in his hand before; he doesn't do the thing he ought to do, and so the expert isn't prepared for him.

Mark Twain, 1889



BUILD CAPACITY FOR FAST INNOVATION

To succeed in this new economy, organisations are having to build the capacity for fast innovation underpinned by:

- Agility to anticipate changing market conditions and adjust quickly
- Rapid decision-making
- Collaborative team-working
- A culture of curiosity, experimentation and learning
- A tolerance for risk
- The ability to articulate a pragmatic vision and translate it into meaningful performance measures.



57%

said the digital economy had led to **fairly extensive or fundamental changes** in their business model, strategy or competitive landscape

87%

expect further change



THE IMPACT OF DIGITAL IS REAL

The impact of digital is being strongly experienced by CRF member organisations.

Over half (57%) of respondents to our survey said the digital economy had led to fairly extensive or fundamental changes in their business model, strategy or competitive landscape, and 87% expect to experience further change.



LEADING A VIRTUAL WORKFORCE

Digital is also changing the way work gets done. Leaders need to be adept at handling social media and leading global teams virtually, and need to pay attention to the risks for themselves and their teams of being 'always-on'.

LEADERSHIP IN THE DIGITAL AGE: ADAPTING TO THE NEW CONTEXT

Our purpose in this report is to explore the implications of the digital age for leadership and leadership development.

We seek to understand in what ways the demands of leaders are changing, how our models of leadership need to evolve, and what that means for leadership development.

Our conclusion is that, while the fundamentals of good leadership – such as being an effective strategist or good communicator – remain constant, leadership has to adapt to the context within which it is exercised.

The demands of the digital era require leaders to place greater emphasis on behaviours such as adaptability, uniting people around a shared purpose, and creating a culture of empowerment and experimentation. Leaders also need to develop competence in using technology to foster relationships and make data-driven decisions.

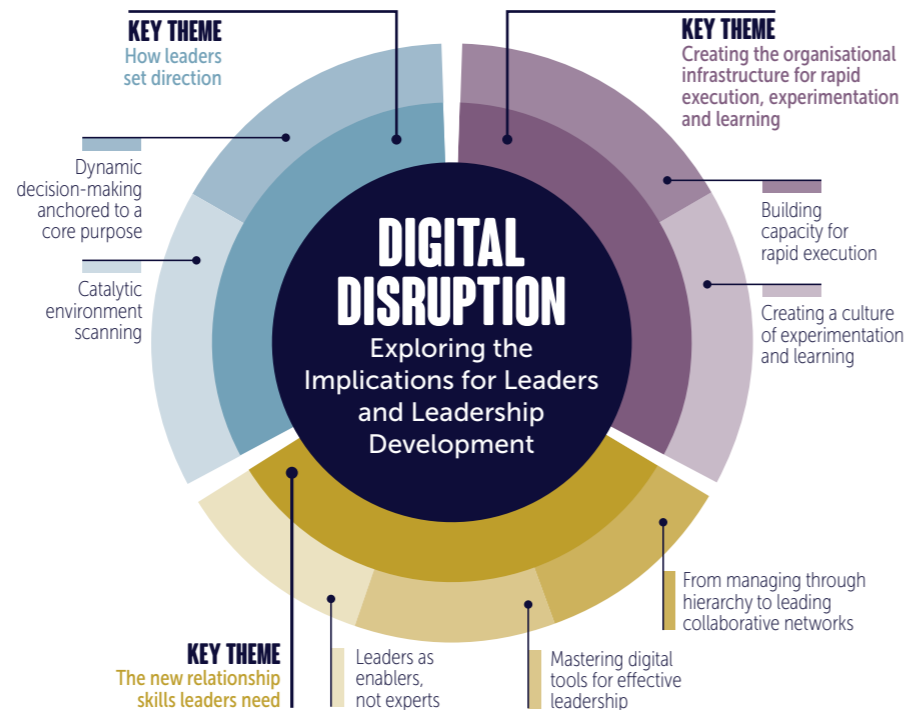


THE DIGITAL DISRUPTION LEADERSHIP MODEL

We identified seven principal shifts in leadership, organised around three key dimensions: how leaders set direction; the organisational infrastructure they need to build; and the new relationship skillsets required.

6

- **Dynamic decision-making anchored to a core purpose.** Leaders need to keep their organisations focused on a consistent vision and purpose while being adaptable in the short term.
- **Catalytic environment scanning.** The ability to horizon scan, detect patterns and develop insights will be essential to remain competitive.
- **Build capacity for rapid execution.** Leaders not only have to detect market changes, they have to respond fast to emerging competitive threats and shifting customer expectations by building agility into processes for decision-making and execution.
- **Create a culture of experimentation and learning.** Innovation requires a higher tolerance for risk, and to build mechanisms for learning from failure.
- **From managing through hierarchy to leading collaborative networks.** Increasingly, work in the digital economy is done through collaborative networks that cross organisational silos and often include contributors from outside the organisation.
- **Mastering digital tools for leadership effectiveness.** Leaders have to get comfortable with using digital communications tools to build trust, and engage and motivate their teams.
- **Leaders as enablers of experts.** The work of leadership, particularly in knowledge-driven work, is shifting away from telling others what to do to developing a context where others can bring their expertise, make good decisions and do their best work.

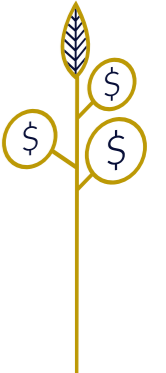


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ADAPTING LEADERSHIP DEVELOPMENT FOR THE DIGITAL AGE

Leadership development also has to adapt to meet the needs of leaders in the digital age, both in terms of how we use digital learning tools, and more importantly to build the new leadership capabilities.

So far, we find that efforts have tended to focus on developing leaders' awareness of the potential impact of digital on their businesses, or building technical skills. More fundamental behaviour change – helping leaders develop their personal capacity to handle complexity, and adapt their leadership style to suit different business contexts – requires deeper commitment both from the organisation and the individual.



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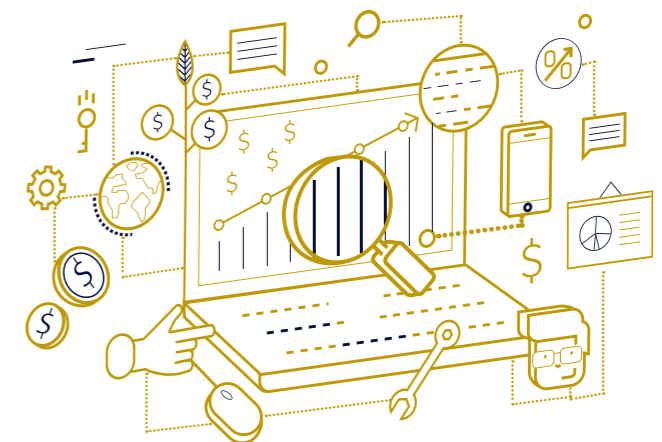
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Being clear about the business outcomes we expect from leadership development is essential.
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BUILDING ON THE FOUNDATIONS OF ADULT LEARNING

Leadership development needs to keep pace with the evolving demands of leadership, but also needs to be founded on fundamental principles of adult learning.

Being clear about the business outcomes we expect from leadership development, minimising the gap between learning and practice, creating experiences that reinforce learning, and paying attention to the context in which leaders are expected to put their learning into action, are all essential.



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