The 5 Keys To A Digital Mindset

IESE Business School
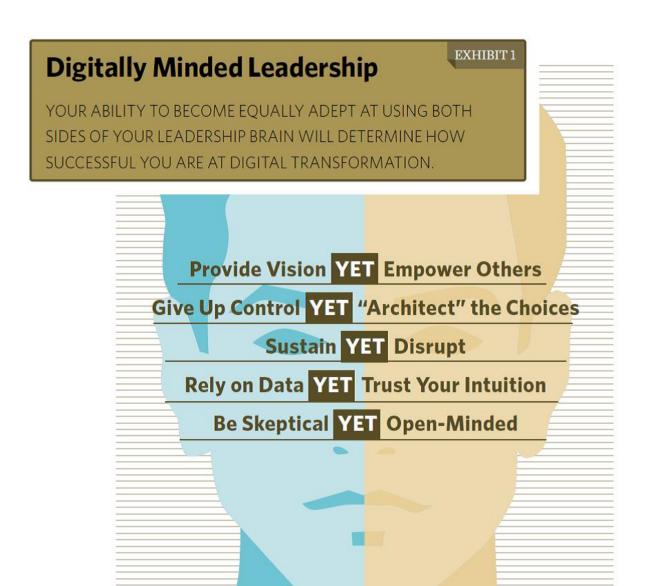CONTRIBUTOR

Global management & economic experts share their insights & research.

In boardrooms around the world "digital" is on everyone's lips. But while executives ask questions like, "what´s our strategy in relation to mobility, social media, the cloud or big data?" their answers are often limited to only addressing the impact of each trend on a certain aspect of running their business. What´s really needed is a better grasp of the deeper, ongoing mega-shift which is utterly transforming the very nature of our societies and businesses, and of which mobility, social media, the cloud and big data are mere manifestations. True digital leadership requires an entirely new mind-set.

Based on conversations with executives and reviews of a number of cases on digital transformation, we´ve gathered together the qualities, practices and approaches of the digitally minded leader. We have found there are at least five important dimensions that make up the digital mind-set. They may seem paradoxical or contradictory, but they are crucial to dealing with the digital transformation upon us.

Digitally Minded Leadership

YOUR ABILITY TO BECOME EQUALLY ADEPT AT USING BOTH SIDES OF YOUR LEADERSHIP BRAIN WILL DETERMINE HOW SUCCESSFUL YOU ARE AT DIGITAL TRANSFORMATION.

Provide Vision **YET** Empower Others

Give Up Control **YET** "Architect" the Choices

Sustain **YET** Disrupt

Rely on Data **YET** Trust Your Intuition

Be Skeptical **YET** Open-Minded

1. Provide Vision Yet Empower Others

Digitally minded leaders need to cast the vision for how the company should evolve in this new age of digital transformation, while at the same time supporting the grass roots initiatives of employees to translate this high-level vision into on-the-ground action.

This means fostering an organizational environment where employees are safe to experiment with their ideas, and where learnings from their experimentations are systematically captured, analyzed and acted-upon.

2. Give up control yet architect choices

Empowering employees by giving up control doesn´t mean leaders stop being in the driver´s seat. Instead of sticking to rigid rules, leaders should seek to influence outcomes more through the way they design and present the choices to those best suited to make the decisions and carry out the tasks.

Richard H Thaler and Cass R. Sunstein describe this approach in their 2008 book, Nudge, suggesting that leaders become "choice architects". An easy way of understanding this is by making the option you want become the default choice, so people have to opt out of doing something instead of affirmatively choosing to opt in.

This would seem the best approach to take regarding employees´ use of social media at work. Instead of outright banning such behavior, digitally minded leaders could provide gentle policy nudges, offering positive advice on what kind of content should be shared and where it makes most sense to share it. In short they should build the "choice architecture" that promotes social media use modes that not only minimize risks but also generate value for the company

3. Sustain yet disrupt

For most organizations, digital transformation will be a multi-step journey, with some steps enhancing and extending the firm´s existing capabilities, while others will be disruptive, stirring up internal rifts and undermining skills and competencies that everyone worked so hard to master. Digitally minded leaders need to mitigate conflicts and serve as a bridge between the old and the new.

The Old must be sustained to ensure ongoing operations and profitability, as well as providing a foundation for the future blended business model. Sustaining the old brings a sense of stability, which will help employees cope with uncertainty as they start to develop new skills and capabilities.

The New needs to be shielded, as it is often vulnerable to traditional metrics and evaluation criteria, which opponents will wield like weapons: killing an idea for a disruptive digital transformation initiative due to lack of direct ROI is a common tactic.

4. Rely on data yet trust your intuition

As a digitally minded leader, the goal is to move managerial discourse away from contentious turf wars of opinions, toward a reasoned conversation based on facts and experimental measurements. Data is key when decision-making.

But the digital mind-set doesn´t rule out judgment and intuition. Data are often historical in nature, and may not always serve as an accurate predictor of the future, especially in rapidly changing environments. Intuition plays a role in envisioning the future, helping leaders to formulate hypotheses and define assumptions to decide which data types and resources to focus on, and how to combine, analyze and interpret them, in today´s endless sea of information.

5. Be skeptical yet open-minded

As well as encouraging experimentation throughout the organization, digitally minded leaders will embrace the try-it-and-see approach in their personal lives. Jumping on the next digital bandwagon, if only to realize it is not for you may not be such a bad idea, so long as there is a bigger objective – which is to engage in an exercise of active sense-making, forming new meanings of what technology affords us to do across contexts and experiences.

So be skeptical, but see it and prove it for yourself. There is no substitute for sharing in the same experiences that your customers and employees are going through.

Step out of comfort zones and embrace the opposites

In some cases the need to manage all these paradoxes may warrant the full-time attention of a dedicated individual,

necessitating the appointment of a Chief Digital Officer. However, just as blending of the physical and digital worlds does not respect boundaries, neither does the imperative for digitally minded leadership reside in one individual. Everyone needs to step out of their comfort zones and embrace the opposites: short term vs. long term, old vs. new, control vs. empowerment.

This is not easy, and many may drag their feet. But we are convinced that it is this ability to become equally adept at using both sides of one´s leadership brain that will determine the success of digital transformation in your organization and, to a large extent, your success as a business leader in a blended, digitally dense world.

By professors Evegny Káganer, Sandra Sieber and lecturer Javier Zamora, from IESE´s Information Systems department.

This blog post is based on the article "5 skills every leader needs to succeed in the digital world" in IESE Insight magazine. For more on this topic, follow IESE´s technology blog FACE IT and check out IESE Insight.

<p align="center">********************</p>