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ADVANCED TECHNOLOGY PRACTICE

Leadership Transformation Underpins Digital Transformation

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NGS Global Advanced Technology Practice members, Dr. Marianne Broadbent and Mark Lelliott, were recently asked to facilitate a discussion amongst executive leaders of organizations that are placing digital transformation at the top of their priorities list. The theme was **'what's different about leading through digital transformation?'**. Digital transformation is something that the two address every day in the course of their executive search and advisory work, and the differences and demands are real. It is critical to understand what those demands are, how to recruit for them, to nurture them, and accelerate their growth. Having that knowledge enables businesses and organisations to transition from the challenges of digital disruption to the benefits of digital transformation.

The starting point for this dialogue lies in the common trends that NGS Global's clients are facing when it comes to technological disruption and its impact on human capital management. Naturally, the specific sources of disruptive technological change vary from sector to sector, but there are some common trends and key hot-button issues that are in play to varying degrees across different sectors in every industry.

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THE MACROECONOMICS OF DIGITAL DISRUPTION DRIVING THE MICROECONOMICS OF LEADERSHIP TRANSFORMATION

The amount of change being driven by digital disruption demands a rapid evolution of leadership capabilities and behaviours at all levels of an organisation. Think of digital disruption – and subsequent digital transformation – as akin to macroeconomic shifts and changes. In that context then, think of key organisational leadership shifts in capabilities and behaviours to effect change in organisations as microeconomic reform – significant shifts in how we lead ourselves and how we lead others.

The initial challenge is to appreciate that the quantum of disruption is very large, and that it has implications for every organisation. In the words of John Chambers, former Chief Executive Officer of CISCO Systems, Inc., we are going through the ‘biggest technology transition ever’ⁱ. Rather sobering is his comment that we are only about one third through at this stage. One measure of the scale of change is that over the last 20 years, we have gone from about 1,000 devices connected to the Internet to over 500 billion. He declared that the technology component, whatever it is, is the ‘easy part’.

The real challenges are in the process changes behind this – about how digitization becomes part of how every organisation conducts its business, and how it interfaces with customers, client and citizens. The World Bank’s 2016 *Digital Dividends Report*ⁱⁱ makes a similar point: gaining the benefits of digital developments requires ‘analogue complements’. While the World Bank Report was referring to broader economic policies and government action, we will focus more specifically on the ‘analogue complements’ by way of the microeconomic reform of organisational leadership.

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Though there are many differences we can cite, for our purposes we will focus on just three areas:

- The rapid rate of disruption which creates greater volatility and ambiguity
- The disruption to business and service models requires more networked and flexible people and capabilities
- Higher customer and citizen expectations have real implications regarding the necessity for ongoing innovation.

DEALING WITH GREATER VOLATILITY AND AMBIGUITY – THE NEW NORMAL

We used to talk about ‘business as usual’. Today, virtually every organisation we work with is going through significant change. Commercial business models are greatly disrupted by those who have conceived and implemented new ways to solve problems or see services differently. Just think of online and mobile financial services, parcel delivery, taxi services such as Uber and accommodation and booking services, whether aggregators or those made available through the ‘sharing economy’.

In the public sector we, as citizens, are much less tolerant of the multiplicity of overlapping services and slow response times. We want a ‘one stop shop’, and easy access online, just as we expect from other providers.

This rapid rate of disruption requires each of us to develop greater tolerance for ambiguity, to be adaptive and model that adaptiveness for others. Volatility is the ‘new normal’.

Leaders need to be able to provide context for those they lead, and accept that a significant part of the role is ‘sense making’ for others. They need to be sufficiently open and transparent, sharing what they know and honest about what they don’t know. People appreciate honesty more than confusion, and lack of openness about the situation of the organisation breeds distrust, suspicion and fuels rumour mills. Some very effective executives we work with set the expectation with their teams that there will be significant organisational changes at least every 15 to 18 months. Digital transformation enables them to be responsive to the needs of their internal and external clients and build a culture where change is not seen as a threat, but rather is the norm.

We find that the Hollings Cycle, when applied to organisations, is useful in providing context for people regarding ‘where we are’. This continuous cycle approach, from the world or eco-economics, refers to four components: conservation (business as usual, when things are balanced), release (where there is some form of crisis or disruption, a new threat or opportunity), renewal (the process of transformation) and then finally exploitation (where the organisations gain the benefits of transformation through deployment of new or refreshed resources, and growth).

In today’s context, we would clarify that ‘business as usual’ periods tend to be shorter, the ‘release’ cycle tends to happen more often, transformation is required to move at a good pace, and the exploitation phase will also likely be shorter. Of course in most organisations there will be multiple cycles happening

concurrently, but it does provide a useful lens for explaining change.

DEVELOPING MORE NETWORKED AND FLEXIBLE CAPABILITIES – AGILITY, TRUST AND TEAMING

As more traditional business and organisational models are increasingly disrupted through digital developments at a macro level, today's business and operating models are much more focused on working across organisations and across jurisdictions. In the private sector, businesses that were once competitors now cooperate in agreed areas, as advantages that mattered in previous times have become commodities.

The ability to respond quickly, and in a more networked environment, needs greater agility, that is, the combination of speed and flexibility. Critical foundations for that agility are the capacity to trust and be trusted, and the ability to create effective teams.

Trust can be hard to describe at times, and we draw on the work of Stephen M.R. Covey who makes the point that trust is more than a social virtue – it has real economic valueⁱⁱⁱ. When trust is present, our interaction time with others is reduced and our transaction costs go down. When trust goes up, speed goes up. It is a critical factor in the development and success of effective leaders and smart organisations.

When working with executive teams, we ask people to think about experiences of working with those you trust – things can happen more quickly. Recall your experiences working with those you don't trust. This tends to be more painful, slower and not much fun.

Trust is about confidence, based on our beliefs in a person, or a team's, character and competence. The essence of character is our perspective on another's intent and integrity (for example, do they do what they say they are going to do). The essence of competence is our perspective on another's capability and results (do they deliver the right things, and do this well).

Understanding and utilising the 'speed of trust' enables people and organisations to exercise much greater agility in their actions. The same is true of effective teaming.

Building trust forms the basis of effective teams^{iv}. The starting point is people really getting to know each other as people, what motivates them and what are their strengths and vulnerabilities. It's about understanding and appreciating their intent, integrity, capabilities and the results they achieve (the trust thing). This provides the foundation then for overcoming

the fear of conflict, the confidence to force clarity and closure, the ability to confront difficult issues and focus on collective outcomes. These leadership actions address what Lencioni refers to as the 'five common team dysfunctions'.

IMPLEMENTING INNOVATIVE SERVICE AND PRODUCT APPROACHES – LEARNING AND DIVERSITY

Higher consumer and citizen expectations, in the context of ongoing digital opportunities, means that leaders and organisations need to figure out how to be constantly innovating in services approaches and product offerings.

We find Wilkinson's description of the evolution of 'generative leadership' very useful in this context. Generative leaders are constant learners and innovators using ambiguity to find opportunities for new products and constructs^v. Often we see organisations that have within them people who are real innovators, but they might be 'hidden' in the organisational structure or bureaucracy. They might see things a bit differently, sometimes they are seen as 'problem employees'; but if their capabilities are harnessed, and then appropriately protected, they can provide a rich vein of creativity.

Leaders now need to be able to co-design with others, inside and outside their organisations, to tackle issues with different perspectives. The diversity evident amongst the staff is critical here – diversity of thinking, of backgrounds and experiences, of cultures, genders, and life experiences.

Like the 'speed of trust', diversity is more than social virtue. It fuels innovation. Lack of diversity constricts thinking and 'degrees of freedom' to draw on different ways of viewing a challenge or issue. It's about both recruiting for diversity and then nurturing that diversity within organisations.

THE MICROECONOMIC REFORM OF LEADERSHIP

Being an executive leading an organisation through digital disruption to digital transformation is not for the faint hearted. The foundations of leadership remain critical – curiosity and understanding of the environment, the ability to shape a vision based on multiple variables, competence in financial dynamics, the confidence and authenticity to inspire and lead others, and good self-knowledge.

Digitalization today is akin to the industrial revolution in that it is completely reshaping the way organisations are governed and the types of leaders that are needed to manage this complex and ever-changing dynamic. Corporations must have leaders that are innovators who not only embrace change, but devise change as a means of effectively running their business,

connecting with the world, and creating the most diverse, dynamic teams.

Our team members at NGS Global see this in industries and businesses throughout the world and this shows no signs of stopping or slowing down. In fact, organisations of all sizes are increasingly creating specific high-level positions related to digitization such as chief digital officer, while also desiring a strong grasp of digital developments in many executive roles.

Leading others today and tomorrow also places much greater emphasis on the need for adaptiveness, providing context for others, being able to implement agility with trust and effective teaming, and creating a culture of, and expectation for, change and innovation. These are attributes that are now highly valued. We work with our clients to ensure that they have the executive bench strength and capabilities needed to transition from disruption to digital transformation.

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- i Cisco's John Chambers on the Digital Era, McKinsey and Company, Interview March 2016, www.mckinsey.com
 - ii Digital Dividends, World Development Report 2016, World Bank.
 - iii The Speed of Trust, Stephen M.R.Covey, Free Press, 2008.
 - iv The Advantage: Why Organizational Health Trumps Everything Else in Business, Patrick Lencioni and The Table Group, Jossey-Bass, 2012.
 - v The Ambiguity Advantage, David Wilkinson, Palgrave, 2006.
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If your organization needs help preparing for digital transformation, the NGS Global Advanced Technology Practice is here to provide the support you need. We hope you enjoyed this article and welcome your feedback.

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ABOUT NGS GLOBAL

With offices across the Americas, Europe, Africa and Asia, NGS Global provides the extensive resources of major global executive search firms along with high-touch service, accelerated completion cycles and superior candidate access made possible by a mid-sized platform without external shareholders. Through our commitment to industry expertise, cultural knowledge and partner-led search execution, we deliver exceptional value to our clients. For more information about NGS Global, visit our website at www.ngs-global.com.

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David Nosal is Chairman at NGS Global and a member of the firm’s Global Operating Committee. He founded NGS Global’s predecessor firm in the Americas, Nosal Partners, in 2005.

His problem-solving approach and commitment to quality and service are recognized assets in the industry, as evidenced by his substantial repeat business.

Prior to the formation of NGS Global, Mr. Nosal was Chairman and Chief Executive Officer of Nosal Partners—NGS Global’s predecessor firm in the Americas. Mr. Nosal was formerly with Korn/Ferry International, where he was Head of the firm’s CEO Practice. He also led Korn/Ferry’s West Coast Board Practice. In addition, Mr. Nosal was Managing Director for Korn/Ferry’s Central and Northwest Regions, overseeing the firm’s San Francisco, Silicon Valley, Seattle, Denver, Chicago, and Minneapolis offices. Prior to joining Korn/Ferry in 1996, Mr. Nosal spent approximately ten years with the second-largest global search firm, Heidrick & Struggles, as a senior partner.



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Marianne Broadbent is Managing Partner, South East Asia at NGS Global—Asia, based in Australia. She has been working in the leadership, management and strategy areas for over 20 years. She was previously Senior Partner in EWK International, NGS Global’s predecessor firm in Australia.

Dr. Broadbent’s background includes both executive roles and top level Business School leadership. She previously served in two global senior executive roles at Gartner, Inc., a leading information technology research and advice organization, and is a widely published author. Two of her books are Harvard Business School Press best sellers. She is also a sought after speaker and facilitator.

Dr. Broadbent holds a Bachelor of Arts and Diploma of Education from University of Sydney, a Master of Arts from Macquarie University, an A.Mus.A. (AMEB) and a PhD from Melbourne Business School, University of Melbourne. She is a Fellow of the Australian Institute of Company Directors, the Australian Library and Information Association and serves on a number of Boards.



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Mark Lelliott is Managing Partner, South East Asia at NGS Global – Asia, based in Australia. He co-founded NGS’s predecessor firm in Australia, EWK International in 2006.

Mr. Lelliott has over 20 years of executive leadership advisory and assessment, team development, and search experience across a wide range of enterprises. Over the past decade, he has focused on the development and application of a leadership and management assessment approach, for both executive search and internal executive and team development. This involves consistency, objectivity in evaluating, recruiting and developing organisational leaders for the global market.

Mr. Lelliott has completed numerous corporate assignments within Australia and the Asia Pacific region, including CEO, CIO, CFO, CTO, COO and Board appointments. His management consulting experience covers public and private sector companies, ranging from ASX Top 50 and Fortune 500, to early stage/post IPO businesses, service providers and professional services firms. Mr. Lelliott is Founding Partner of ARBITER Leadership Technologies™.

Mr Lelliott holds business qualifications from Monash and Stanford Universities.