



HOW DISRUPTION IS REDEFINING LEADERSHIP

NEW IMD STUDY LOOKS AT “MUST HAVE” QUALITIES TO LEAD IN THE DIGITAL AGE

By IMD Professor Michael Wade

IMD
Chemin de Bellerive 23
PO Box 915,
CH-1001 Lausanne
Switzerland

Tel: +41 21 618 01 11
Fax: +41 21 618 07 07
info@imd.org
www.imd.org

Imagine that you are an executive overseeing retail banking at a large financial services company. In addition to the normal challenges you face as one of the company’s leaders, you are confronted with a raft of new ones. Your main lines of business, savings accounts, loans, mortgages, payments and currency transactions, are all being attacked by well capitalized Fintechs. New digital giants like Apple, Google, Alibaba, and Amazon, are starting to muscle into your territory. You are trying to get your head around potentially disruptive new digital technologies, like blockchain and machine learning. The desire to become more digital is there, but you are having trouble recruiting the right talent. Speed is important, but your systems and processes are constantly slowing you down. What should you do?

This example is neither isolated nor hypothetical. Disruption today is happening at a scale and speed that is unprecedented in modern history. From banking to retail, media, logistics, manufacturing, education, professional services, and life sciences, digital technologies and business models are upending industries around the globe, and leaders are struggling to cope.

The right leadership is critical for organizations to thrive in the choppy waters of rapid technology and business model change. Yet, how should we define leadership in this environment? Is over 80 years of leadership research still relevant in the face of such disruption, or have things changed?

We believe they have. New research from the [Global Center for Digital Business Transformation](#), an IMD and Cisco initiative, and HR consultancy [metaBeratung](#), shows that certain leadership attributes are particularly important to meet the demands of disrupted business environments. The results also demonstrate that relatively few of today’s leaders possess them.

The report, [Redefining Leadership for a Digital Age](#), presents findings from a global survey of more than 1,000 executives across 20 different industries. The data reveal that even though 92% of leaders reported to be feeling the full force of digital disruption, less than 15% of them claimed to be “very prepared” to guide their companies through the eye of the digital storm.

So, how can leaders set themselves up not only to survive, but also to thrive in the era of digital disruption? The study points to four leadership competencies that are vital for business leaders facing large-scale digital disruption – we call them the must **HAVE** competencies.

First, successful digital leaders tend to show **humility** and a willingness to seek diverse inputs — both from within their organizations and from outside. In today’s world of near-ubiquitous Internet and social media availability, employees have equal access to information within a business, and may in fact have deeper specific subject knowledge than those leading them. Encouraging and developing such teams can substitute for a lack of expertise at the executive level — provided they are willing to cede ground to staff. Leaders must be comfortable not knowing the answer, and be willing to admit it. As one UK CEO succinctly put it, “Hire people who are the experts. Trust in them.”

While humility allows leaders to be open to new ideas and innovations, being **adaptable** is critical in a complex and changing environment. Without it, the capacity to respond to digital disruption is severely restricted. A humble and adaptable leader is willing to change his or her mind, and then communicate that newly minted adaptation to employees and peers. As one leader put it, “You have to be sure that you are able to correct wrong decisions or weak decisions. You have to be able to say: ‘Okay, yesterday, I said left and today, based on this, we are going right.’ It has to not be a weakness for you. It is a necessity of the environment of today.” The global reach of digital technologies has opened up new frontiers for organizations, shrinking divides and erasing traditional boundaries between territories. Dealing with fast changing cultural and business impacts requires adaptability.

For any leader, having a clear **vision** and articulating it well is a core competency. But in times of rapid technology and business model change, with opportunities cropping up on all sides, it becomes critical. The sheer unpredictability of business today means traditional analytical approaches are failing to provide the long-term definitive strategies which leaders have relied on in the past. In times of rapid change, people need to be inspired by a strong vision. Adaptability without vision can lead to rudderless change. General Electric CEO Jeff Immelt has set out a very clear vision for the company to become the leading global player in the industrial Internet, even though there is no precisely defined roadmap in place for how to get there.

The final competency is to successfully **engage** with customers, partners, suppliers, employees, and the broader ecosystem. At their core, digital leaders are listeners, with a broad-based desire to explore, discover, learn and discuss with others. They listen to their clients and customers; their teams and staff; and their peers and partners with humility and a willingness to change their minds. They ensure a constant interchange of information and encourage employees to challenge views and opinions, and they set and adjust corporate visions based on these exchanges.

The recent struggles of organizations like Sears, Ericsson, and RadioShack remind us that no company or leader is immune from the force of technological change. Those leaders who can hone humility and adaptability, and articulate their visions successfully through active engagement, will stand a better chance to stand the test of time. We call these people Agile Leaders. Those who don't will look like an old Polaroid; fading away.

Read the [full report here](#).

[Michael Wade](#) is IMD Professor of Innovation and Strategy and [Cisco Chair in Digital Business Transformation](#).