



Illustration by Nilesh Juvalekar



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driving digital

According to a recent study, The Real Impact of Digital—As Seen From the "Virtual" Coalface, almost 43% of companies surveyed are not developing the required managerial capabilities to support digital transition, while 30% of organizations have no digital strategy. The study was carried out amongst 1,160 managers, executives, and board members across regions and from a wide range of organizations, industries, and functions.*

In an exclusive interview with The Smart Manager, researchers of the study—Ludo Van der Heyden, INSEAD and Liri Andersson, founder of this fluid world—highlight some of the key insights, and show how digital transition should be the responsibility of everyone, and not just one segregated department.

Digital' does not have a universal meaning... so what is digital?
To the 21st century, digital is what the railroad network, electrical power, and the telephone combined were to the second industrial

revolution. From a technological perspective, all agree that these innovations were truly disruptive. However, from a societal perspective, the 'real' revolution was in how they allowed a quantum jump in speed and effectiveness in the movement of people, goods, and energy, commensurate



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with a big leap in communication. This led to an unprecedented movement of people and ideas, influencing almost every aspect of business and social life, and creating a new wave of globalization.

Digital replicates this exactly! At its core, digital innovation converted technology that previously was analog into a digital format, making technology significantly cheaper, faster, and more capable. This paved the way for the development of disruptive technologies such as the desk computer, mobile phone, digital camera, and, of course the World Wide Web, and now the cloud. But again, the ‘real’ (digital) revolution is in how these innovations are influencing every aspect of human activity. Digital is breaking down traditional entry barriers to the marketplace such as access to capital, distribution, customers, information, and talent. It is changing how we communicate, manufacture, collaborate, and make decisions; how we live our lives. In reality, digital is the fourth industrial revolution. Hence, as of now, digital is business and business is digital.

Why should digital not be delegated to a person or a specific department?

Contrary to expectations, including ours, our research shows that companies are not driven by ‘the desire to go digital.’ Instead, the research uncovered that digital initiatives are mostly launched pretty much organically, with individual departments using digital to help them achieve their specific business objectives. Hence, the ways in which they engage with digital is diverse and contextual, spanning at least twenty different categories of engagement

across the entire value chain. Overall, this results in the type and number of business problems addressed by digital being vast and varied. With this reality in mind, it is clear that the responsibility for digital cannot be delegated to one person, or a specific department. Instead, it has to be the responsibility and priority of the whole organization, and all its members. Digital must become embedded in what a company does, and how it does it. An experimental and organic approach to digital such as ‘let a thousand flowers bloom’ may be the right way forward at this time.

Does this mean digital is no longer a specialist's domain?

The answer will depend on through what lens we are viewing digital. Digital as an all-encompassing disruptor of business could not possibly fall under the domain of a digital specialist, for all the reasons we discussed. However, particular digital initiatives do, and digital has of course technical aspects. Let us illustrate this with a few examples. The process of scoping out a CRM tool that assists with contact management, sales management, and productivity is best left to a CRM specialist. If the objective is the implementation of a digital platform aimed at facilitating collaboration with suppliers, partners, and customers, again this requires the input and possibly the leadership of a specialist. Similarly, a social media campaign is likely



to be managed by a digital advertising agency. Engaging a specialist becomes relevant once the digital activity has been scoped out in terms of business requirements. However, even then the specialist engaged may not be labeled a digital expert, but rather a specialist in a particular field, such as marketing, supply chain, or procurement. This view is supported by the finding that digital is merging with traditional businesses, and should not be seen as a stand-alone initiative or discipline. Over time, we expect that we will return to titles such as marketing manager, procurement officer, etc., and all these will be familiar with digital, it will have become part of their trade. One question of course is whether the IT specialist will morph into a digital specialist. And in technology that may be the case indeed.

How is digital success primarily about people, management, and culture, not technology... this is a complete overhaul of the present thinking?

Digital is primarily about people, management, and culture in the same way as business is about people, management, and culture. Clearly, success of digital initiatives does require that the right technology is in place, the research does not challenge this. However, when asked about the reasons for success of digital activities the answers clustered around the importance of a clear vision, support from senior leadership, good planning, strong collaboration, and the need for the digital initiative to be prioritized. Even a basic digital implementation can necessitate widespread changes to an organization’s purpose, product, structure, people, and processes. Hence, success is not only about getting the technology implementation right, but taking



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the appropriate change management steps to support the emergence of a new business order brought about by engaging with digital. Unfortunately, the survey suggests that aspects related to people, management, and culture are typically addressed too late. Potentially because digital leadership in the past has been excessively technology driven and led by technology experts—a trend we predict we will be moving away from, as digital gets further integrated into business as usual.

One of the other ‘contrarian’ results of your study concerns the observation that there may not be for an over-riding digital strategy. Why might this be?

If we follow the line of thinking that digital is not a stand-alone activity, and that the digital initiatives people engage in are problem-driven, prompted by external customer needs or internal business aspirations, then it might make perfect sense for digital to be considered as part of a larger corporate strategy. The challenge then lies in identifying the impact of digital on your industry, organization, business model, customer targets, product/service offer, and value proposition. This then leads one to define a corporate strategy that is in line with the fundamental paradigm shift brought about by the digital revolution, which is radically shifting the competitive context of business today. The research further shows that this level of understanding does not necessarily exist within the top management responsible for identifying corporate strategies. It is fundamental to the success of an organization that this knowledge be acquired prior to any strategy definition, be it digital or corporate. In sum, two reasons might push an organization to move forward without a digital strategy: 01) management is in a catch-up and information-gathering phase and cannot strategize on something it does not sufficiently master; 02) digital is embedded in every aspect of our corporate strategy. ■

* <http://www.thisfluidworld.com/our-thinking/new-study-challenges-the-concept-of-digital/>