



Illustration by swapnil redkar



LIRI ANDERSSON

IS FOUNDER OF *this fluid world*
AND GUEST LECTURER AT INSEAD.



LUDO VAN DER HEYDEN

IS CHAIRED PROFESSOR OF
CORPORATE GOVERNANCE AND
PROFESSOR OF TECHNOLOGY AND
OPERATIONS MANAGEMENT AT INSEAD.

the new normal

For over a decade, companies have been urged to ‘digitalize’ or risk getting left behind. The specific technology innovations introduced by the digital revolution such as mobile, apps, ‘the cloud’, big data, and 3D printing are shaking up businesses and organizations. The digital journey has passed a frontier into a land that no longer distinguishes between digital and business, as these are now unavoidably linked. However, in this passage a fracture is being revealed: top corporate leaders across the globe are insufficiently directing the digitalization of their companies. For this category of leaders, more than for the rest of the organization, digital is at best confusing and at worst unclear.

To support business leaders—executives and boards alike—in their effort to digitalize, INSEAD, in collaboration with the consultancy ‘this fluid world’, have issued a report, Directing Digitalisation: 11 Guidelines for Boards and Executives. The concepts covered in this report are grouped under three key headings—environmental, organizational, and strategic, which are discussed below in the context of India.

An essential starting point in a company's digital journey is a thorough and grounded understanding of how digitalization impacts the external business environment. That view and assessment are critical in determining the direction of a company's thinking and future action. Foreign multinationals have, if well coordinated, the advantage of gathering the necessary intelligence from a workforce and a knowledge base, that is both global and on the ground. Indian conglomerates with a more traditional and centralized way of doing business, as well as other Indian firms with a wide yet local or regional business scope, may find this exercise more challenging as their experience is narrower. These Indian firms will tend to rely more on knowledge obtained from generalist reports and consultants, often written from a non-digital perspective, rarely adapted to the firm's local context.

Impact on the organization

The organizational implications of digital are many and varied. Digitalization may require a radical review of the firm's mission, both industrially and geographically, as well as an adjustment of its business model(s) and method(s). It must therefore be driven from the top, with full buy-in from the executive and board teams. The challenges to achieving such outcome are not really geographical, but foremost intellectual and cultural, and heavily depend on the competent guidance of an open-minded leadership team, prepared for a potentially disruptive approach to change.

Rather than searching for a blueprint or benchmark to guide them through digitalization, these leaders are well advised to define their own digital road map. Multinationals, such as L'Oreal, P&G, and Coca-Cola, are likely to take a centralized approach to defining their digital road map. The task for their employees in India is often restricted to adapting the global digital initiative to the local needs and realities of the country, both cultural and technological. Indian conglomerates with a more traditional and centralized way of doing business, such as the Tata Group (and its formidable Tata Consulting Services firm) and Reliance Group, will take responsibility



for the creation of the digital road map, uniquely adapted to the regional market's aspirations and opportunities. Having succeeded, the challenge for these firms will be to explore whether typically leaner and simpler concepts and solutions developed for the Indian home market can be exported to the rest of the world.

Success in a digitalized economy requires a lean and agile corporate structure fuelled by the continuous collaboration and ongoing conversations across layers in the organization—shareholders, boards, executives, managers, and 'frontline' employees as well as customers. The hierarchical nature of many Indian corporations may prove too hard a challenge, with hierarchical barriers impeding the necessary free flow of information, communication, ideas, and feedback throughout the business.

Digitalization entails exploring new business models, new market segments, and revenue streams. Organizations will have to launch ambitious experiments, learn from



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these, and rapidly take the learning on board. India provides excellent opportunities for exploration, particularly where the constraint of legacy systems or thinking is minimal. In addition, those organizations in India looking to innovate in the digital space are well positioned through access to a young, well-educated, and IT-savvy workforce. Firms in India do not face the challenges of many other countries, as the continent produces and attracts digital talent in plentiful numbers.

Digital also provides a direct opportunity for Indian SMEs to capitalize on technology, and its bountiful supply of digital talent to widen its business scope internationally. This would link the Indian continent to the rest of the world in a way it is not at present, while increasing its number of homegrown multinational corporations.



Impact on strategy

Business strategy in the digital age will become a continuous process, with strategy formulation and execution happening simultaneously, benefiting from a seamless and immediate feedback loop. The speed and complexity of digital decision-making means data is playing an increasingly strategic role. Here again, India is well positioned, as the country benefits from an advanced data driven and analytical culture and mindset. Multinationals with a presence in India as well as local firms benefit from affordable and talented local companies for data management and analytics to support leadership in their decision-making process. A promising outcome would be for the growing Indian IT sector to be complemented with a growing ‘data and insight mining’ sector—a key capability in digitalization.

Conclusion

Digital, like every revolution, can be viewed either as a catastrophe or as a world of opportunity. In our opinion, this largely depends on whether vital allegiances and power lie with the old order, or with the new. As with any large-scale organizational and cultural change, digitalization will never take hold unless top executives drive it. Indian firms looking to survive the digital revolution will face the same challenges as their global counterparts, which amounts to translating the impact of digital to their industry, firm, and day-to-day operations. For this to happen, a reshaping, if not a disruption, of the leadership function and of the monolithic organizational structures is necessary, where boards and executives ensure that the ability to understand, adapt, and change is built into the very fabric of a more focused, integrated, and collaborative organization.

Digitalization can lead organizations to attain unprecedented levels of innovation, competence, and effectiveness—with fundamentally positive results for both firms and society. The promise of digital for India is of the same impressive size as its continent. India is well positioned to become a digital force—if its leadership gears itself up to play the digital game, where the disruption is not only technological, but also cultural. ■