



FULL DIGITAL TRANSFORMATION REQUIRES DIGITAL LEADERSHIP

Companies are hitting a digital ceiling despite years of investment in modernizing their systems. The right leaders play a critical role because they bring a unique mix of capabilities, with the scope to take risks, make mistakes and coach colleagues. This blend empowers people and teams to break through this digital ceiling and achieve higher levels of digital benefits.

Companies frequently pursue digital transformation, but 70% of their efforts come up short.¹ Opportunities often lose relevance, visibility, effectiveness, or never even launch. Infosys Knowledge Institute's Digital Radar 2020 research report noted that many companies have run into a digital ceiling that limits the benefits of their digital transformation initiatives.²

Why is digital transformation success so elusive?

Simply stated, it's because it's not a project with a specific outcome and endpoint. It's a journey to shift and elevate the way an organization builds digital assets to better serve customers and operate the business. It's rarely the technology or the desire to transform that inhibits the journey, but rather the caliber of the digital leaders.

Digital transformation can be successful only if people with different areas of expertise come together to continuously evaluate the market and rapidly create high quality digital assets using the right technology.

To tap the full potential of digital transformation, firms need to build the right digital capabilities – in terms of technology, leadership and behavior. Digital leadership is the most critical factor in adopting and scaling digital capabilities. Success in the digital battleground requires highly capable leaders who allow teams of people to work in a way that can sense what consumers want, evaluate the best possible solutions and enable themselves to develop these solutions in the best and fastest possible way. Digital leaders don't necessarily need to have a clear vision of the outcome but have the faith that if they set the direction and allow their people to do

what is right, in line with that direction, then great things happen.

Firms must hone their technology, leadership and behavior capabilities in order to realize the full potential of digital transformation

While traditional leadership practices work on structured layers and decision-making hierarchy, digital leadership reflects the fundamentals of entrepreneurial leadership but with a fast-paced digital flavor throughout key capability areas. Entrepreneurial leaders are not only found at the head of startup companies. Entrepreneurial leaders and digital leaders exist in every organization. From charities to government to sporting institutions to product companies and service organizations. These leaders create environments that allow people within them to collaborate and bring to the workplace their thoughts and ideas while letting them implement these for the benefit of customers and business.

How do you identify and develop these entrepreneurial digital leaders?

Digital leaders exhibit five characteristics in ways that empower people to steer successful digital initiatives:

1. Understanding technology
2. Deciding with agility
3. Taking risks
4. Tolerating mistakes
5. Coaching

1. Understanding technology (and its impacts)

Digital leaders must possess an understanding of modern-day technology and how it can be applied to business problems and opportunities. That does not mean that leaders need to be technology specialists, tech-savvy, or Agile experts but they should be able to understand the impact of technology in a business. Leaders must be able to appreciate and understand digital technologies, how these can be applied to solve business problems or create business opportunities, and what is the best way to translate these ideas into applications. They should be able to leverage digital tools to improve their organization's competitive advantage. A survey by Deloitte shows that only 30% of the surveyed companies fulfill the factors for successful digital leadership.³

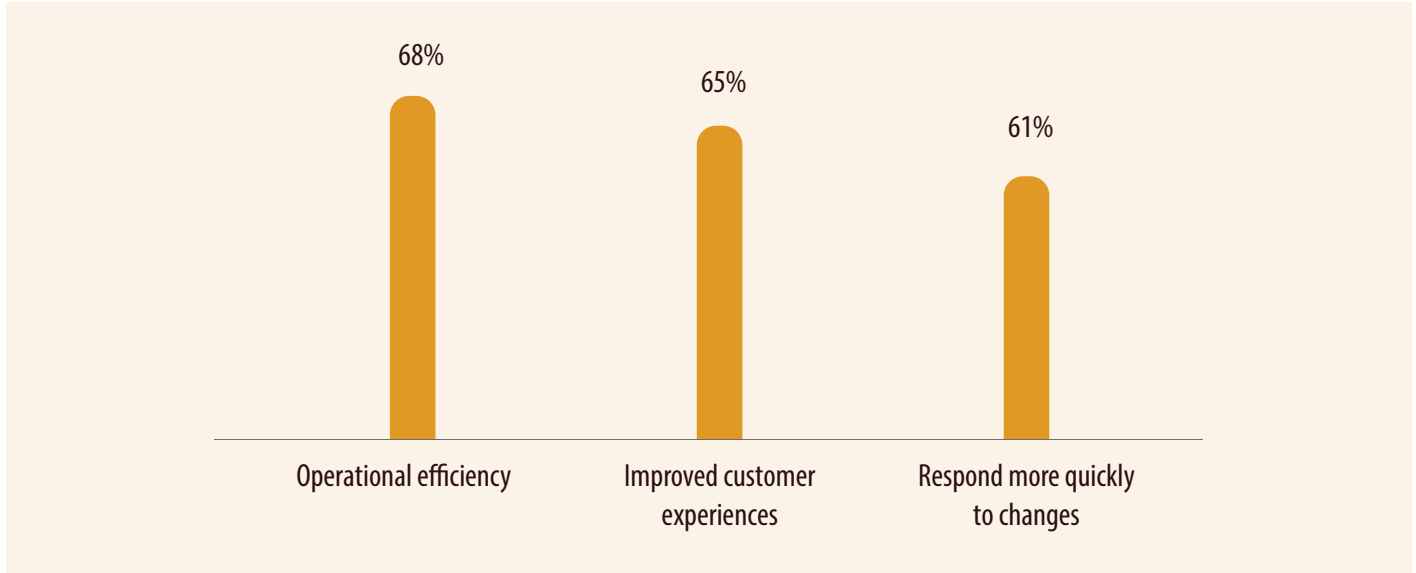
Leaders should be able to perceive how disruptions will affect their industry, which technology can help the firm address these disruptions and how to use these technologies in the firm's context.

2. Deciding with agility

Traditional hierarchical decision-making by central authority takes up a lot of time and doesn't work for digital projects that must be launched promptly to capitalize on opportunities. Centralized authority often leads to stagnating teams. In digital projects, leaders need to spread decisions through all layers of the environment to achieve two key goals: 1) the betterment of the business and 2) the improvement of customer satisfaction. Agile software development principles apply here: Leaders grant authority

Figure 1. The Digital Radar 2020 Research Report from Infosys Knowledge Institute found that a majority of C-level executives aimed to use technology upgrades for operational efficiency, to improve customer experience and responding more quickly

What are the major business objectives behind your digital transformation initiatives?



Source: [Digital Radar 2020](#), Infosys Knowledge Institute

to teams who decide and implement what they think will benefit the business.

This is referred to as dispersed decision-making. Imagine if team members closest to customers or the business need can make decisions quickly and have the power to implement these continuous improvements.

Consider the case of a global technology organization where teams operated close to the customer and developers, but the CEO made decisions about the product. Teams would only do things when CEO gave approval to proceed. This created lengthy delays in decision-making and the company never implemented the ideas of the employees who knew the industry and customers.

Ultimately, this stifled a clever technology product.

3. Taking risks

To stay relevant, digital initiatives must roll out rapidly. The conditions are never perfect. Solutions have to be innovative. And stakes are very high, increasing pressure on decision makers. A research study by Infosys shows that many companies lag behind in their digital initiatives because their risk averse leadership does not take significant decisions in time. The leaders spend too much time in proving that the risk involved in the projects would be minimal.

Leaders have two options in these scenarios: wait until a stable scenario emerges or jump into the unknown and lead the way. Though the first option looks safer,

not doing anything also carries its own risks. As Mark Zuckerberg says, "The biggest risk is not taking any risk. In a world that's changing really quickly, the only strategy that is guaranteed to fail is not taking risks."

Digital leaders have the ability to identify a risk, calibrate it and decide if the risk is worth taking

Digital leaders should be able to identify the risks, calibrate the risks based on the data and decide if the risk is worth taking, and stand by it. But rather than instincts, these decisions should be data-driven. Today there are lots of tools that can aid the leaders in assessing these risks.

Consider the study of how certain local councils operated, where one particular council was observed to be serving its constituents in a better way. What was different from one council to another was not the resources or the skills of the people, but the leadership. Leaders allow teams at ground level to make decisions and take risks. When there were any issues, the learnings from the mistakes were given importance rather than the mistake itself. Teams in this environment were inspired to use their creative thoughts and their ability to implement without fear of reprisal but with excitement of learning.

4. Tolerating mistakes

Without mistakes being tolerated, the level of decision making will be limited. When mistakes are made from making a decision for the betterment of the business or customer outcome, then what determines if the environment will grow is how leaders react.

Though everyone acknowledges the fact that failures are stepping stones to success, not many are accommodative of their own people making mistakes. When this happens, decision-making becomes stifled and learning gets hampered. As Indra Nooyi, former CEO of PepsiCo says, "If you don't give people a chance to fail, you won't innovate. If you want to be an innovative company, allow people to make mistakes."⁴

It is better that a team make 50 decisions and get 40 right than make 20 decisions and get 20 right.

Digital leaders who can establish environments where mistake-making is embraced as learning and growth will generate momentum and sustained continuous improvement. Good digital leaders demand that decisions are made at all layers without the fear of consequence when decisions are made and they are wrong.

Digital leaders who embrace mistake-making as a learning experience will generate momentum and inspire continuous improvement

"Fail fast and fail often" is crucial for digital initiatives in today's world. Companies like Amazon and Google have seen their share of failures like Amazon Fire, Google Glass, Orkut, etc. But the success of these companies lies in learning from these instances and constantly building much superior products.

5. Coaching

Creating a conducive environment for sustainable growth goes beyond just telling people what to do. Good leaders frequently coach people and help them become better. Coaching helps embed digital thinking into people's mindsets,

which eventually defines their behaviors in digital environment.

Coaching also benefits the leader. Constantly coaching people to allow mistakes, learn from mistakes, take risks and disperse decision-making also reminds the digital leader of the need to behave in this way. Digital leaders make coaching part of their everyday work in a structured and disciplined manner, again a key principle of agile working.

These five leadership traits must co-exist with a range of other "soft-skills" to enable a workforce to think digitally and lead in transforming to a digital way of working. These soft-skills include empathy, trust, listening and adaptability.

Leaders can put techniques that focuses on several small interventions – retention through repetition, changing the brain code, behavioral reminders through teaching and team feeds – to cultivate the five capabilities that we have talked about.

The next article discusses a framework to measure these digital leadership traits in organizations, and how leaders can train to become great digital leaders.

References

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