



Leadership 4.0

Changing requirements on leadership in times of digitalisation

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Everyone is talking about digitalisation, the opportunities it offers and the fears it fuels. The discussion often concentrates on how to change or even reinvent business models in order to meet the challenges of digital transformation. Typically, the focus is on strategy, sales, supply chain and communication.

Digital transformation, however, does not only affect business models or the use of technology, but above all, it imposes new requirements on organisation and leadership. Fundamentally new forms of cooperation have to be formed, and it is not technology that is the scarce resource in this regard, but leadership. The success of transformation depends primarily on people changing their behaviour – and that in turn is strongly determined by the methods and quality of leadership. Due to the far-reaching and profound changes that come along with digital transformation, resistance levels can be especially high, and resistance is often ingrained, due to inertia and lack of flexibility. People are at the centre of this transformation, which makes it crucial to attract, motivate and lead talented and digital-savvy employees, but also to continuously develop and retain them. The CEO has a particularly important role to play here.

After all, a digitalisation strategy is only as effective as the organisation, and that ultimately means the people who implement it. In the words of Peter Drucker, “culture eats strategy for breakfast”.

A digital culture is characterized by the following main features:

- Openness and customer orientation instead of navel-gazing
- New, constantly changing tasks and roles



- Eagerness to learn and experiment instead of excessive planning
- Constant feedback and perceiving mistakes as an opportunity
- Emphasis on delegation, creativity, autonomy – little control
- Networked collaboration and mobile working
- Team players instead of hierarchical management

In order to build a digital culture, it takes:

- Momentum: A strong leader and visible figure must embody and drive the process and win people over. This can be the CEO him or herself, or some kind of “digitalisation champion” – as long as people are inspired and given enough freedom to take the transformation into their own hands to some extent.
- The right degree of centralisation: Providing the necessary level of efficient resource allocation and standardisation without restraining the freedom required to experiment with digital working methods.
- Agile working: Away from rigid, hierarchical processes and towards fast, interdisciplinary, experimental teamwork.
- A learning organisation: Structures, resources and incentives that make lifelong learning and permanent change central to the organisation’s self-image.
- The willingness to “unlearn”: Just as important as learning new working methods is to abandon well-rehearsed and well-established procedures, and to be prepared to engage in new approaches.
- A digital talent pipeline: The facilitation of ongoing training and the systematic promotion of digitally thinking and agile young executives.

This transformation might not be easy, as it requires the organization to brace for the “war for talent”. Existing employees must be evaluated and developed systematically, and new digital talents attracted continually.

The development of digital talent in corporate management presents a particular challenge. In many cases, external management talent has to be recruited. But in this “new world”, the search for digital top executives has become even more difficult. It starts with the fact that it is much harder to define the qualities a digital talent must bring to the table. Classical hierarchical management structures have to be dismantled, “horizontal” collaboration, greater team orientation and working in decentralised teams is becoming more and more important. This inevitably



changes the way we work together, and ultimately the way we lead – and the requirements for today's executives.

Job profiles are less clear cut and can also include an increasingly high technology component, which is why in many cases the ideal candidates can no longer be found in the “typical industries” or with a direct competitor. This in turn means that in the search for digital leadership you often have to think “out of the box” and consider atypical candidate profiles (e.g. commercial leaders and non-HR managers to head the HR function). And because business models are changing much faster than before, managers in particular need to be more flexible and have the ambition and ability to adapt to new and unexpected situations and challenges.

A further effect of the paradigm shift in corporate management caused by digitalisation is that managers must be able to deal with “millennials”. They work differently, are motivated differently and thus need to be attracted in a different way. In particular, they tend to have a desire for a sense of purpose, meaning that they want to feel good about the consequences of their work. This increases the importance of employer branding and the need to credibly communicate that a new work environment has been created that is aligned with their interests and needs and that is constantly being improved.

Building a digital corporate culture and an attractive “employer brand” for millennials is a big task and can require a significant investment – but it can be a powerful driver for maintaining and increasing corporate value.



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