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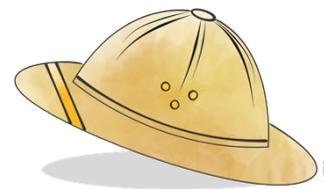
Leading in a world of intangible assets

Moving from leadership as a service to leadership as a platform

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Leadership in the Digital Age — Crisis or Hype?
A perspective as shared in the panel discussion
Gartner Re-Imagine HR Conference, Orlando, FL
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This perspective or commentary style write-up is examples centric with links or acknowledgements to the original sources. It is meant to be brief and not a full articulation of the viewpoints.

In a world where most of the innovation and change we are gearing up for has not been fully understood or invented, leadership has multiple dimensions to comprehend. To put a quick context on this, Gartner's research puts forth the four characteristics of a High Digital environment: 1. High degree of change, 2. Technology intensive, 3. High degree of business transformation and 4. High degree of innovation.

Understanding the big shifts for leaders:

1/5 You only win if you are at the speed of the customer

"I have a simple definition for agility.
Agile is being at the speed of the customer."

In The Atlantic story Raised by YouTube, it points to a subtle but key fact of our digital future, scaling up has never been easier than now. Chu Chu, a children's channel has 19 billion views on YouTube, Sesame Street's main feed has 4 million. This puts Chu Chu TV in the top 25 most watched channels on YouTube.

The simplicity of a homegrown idea in India competing with a Disney like creativity is the perfect case of agility – the key ingredient for leadership in a digital age. Chu Chu TV is a terrific case of being at the speed of the customer.

A favorite example is the telecom disruptor Reliance Jio catapulting India to be the largest mobile data consumption market in just about a year. "The whole management team was clear that Jio was not a competitor to Airtel but to Google and Netflix," said an executive who worked at Jio in the run-up to its launch. "I'm not building a telco, I'm building a digital platform company," Mr. Ambani said, according to another Jio executive.

In March 2017, Apis Cor, 3D-printing specialists with offices in Russia and San Francisco, announced they had produced a 3D-printed home in just 24 hours. That means that from the time you drank your coffee yesterday to the time you sat down for cereal this morning, they produced the self-bearing walls, partitions and building envelopes of an entire home, installed it on site and added the roof and interior finishing.

2/5 Every business is a technology, data and a platform business

"Even the most human touch required customer interactions generate data through digital interfaces."

On the S&P 500, in 1980-82, there were just about 2 platform businesses. By 2015 this grew to over 30. In 25 years, 50% of the S&P 500's Net Income will come from Platforms (Source: Applico). Platform businesses connect. They connect the most dissimilar needs that exist. While each of the needs are serviced in their own individual way, it surprises users when these non-dots are connected; Uber Health or Uber Eats.

When you add data and algorithms to interconnected yet dissimilar needs, you have a winning platform business. We could hardly imagine that routine of hailing a cab could be so data driven to an extent where Uber can actually know if you are drunk.

Another example is Ocado, the tech start up you thought was a supermarket.

3/5 Imagination and Design are the only two things that matter. And they also change your balance sheet

"An unimaginative leader is a high risk for companies."

As we know by now, a platform business will not have assets as traditionally understood. They have relationships that can be valued or invested in. This is not limited to any one industry; TechCrunch's Jonathan Schieber spells out a great example: the next big restaurant may not own a kitchen. Here is a good insight from Bloomberg in a write-up titled 'Uber's secret restaurant empire': "On Aug. 1, Brooklyn Burger Factory began selling gourmet patties in its residential neighborhood of Crown Heights. But even though the restaurant serves a steady stream of jerk burgers, salmon burgers, and veggie burgers, not a single person has shown up to eat one. That's because the restaurant exists only in the Uber Eats delivery app. "

"In a sweeping study of 2 million pieces of financial data and 100,000 design actions over five years, McKinsey finds that design-led companies had 32% more revenue and 56% higher total returns to shareholders compared with other companies." This is based on the McKinsey Design Index (MDI).

But design is not limited to a business model or services. Interfaces in a platform world is the business model. Have you completed a day without using a emoji or sign language? Design changes human behaviour and nothing more compelling as an example from The Fast Company 'Untold story of the original emoji':

"It all started with a <3.

In the late 1990s, the Japanese telecom giant NTT DoCoMo offered an early mobile service called i-mode that let users send small amounts of data over their pagers, including a heart icon at the end of messages. Users <3'd the <3. But for reasons that have been lost to history, DoCoMo pulled it from the service. People were furious. They demanded DoCoMo bring it back. In 1999, the company released a new heart icon alongside 175 other icons that became the world's first emoji."

But Apple is the one the speed of the customer with its 'Animoji'.

"One industry or single domain expertise leaders are for yesterday not for tomorrow or days to come."

We all know that teachers in public schools are not well paid. They also operate under resource constraints. Heard of 'Teachers pay teachers'? From Forbes, "Despite being isolated in their own classrooms, the most effective teachers find every opportunity to collaborate. Whether sharing lessons or swapping stories, teachers make each other better. This is something that Paul Edelman realized when he started teaching in 2001. Finding that the best teaching materials were not district-purchased textbook but teacher-created and swapped resources, he founded the online marketplace TeachersPayTeachers (TPT) in 2006."

There were today interesting points of view that I came across at the same time. One from Gartner, the marketing to sales hand-off should no longer exist. The second from the former design chief of IKEA Marcus Engman, who believes design will kill marketing. The 'hand-offs' in a traditional value chain disappear to create new customer experiences, processes and fundamentally redefine how functions are organized with-in companies.

Here is another example, One of China's biggest smartphone makers has never sold a handset in the country. Yet thousands of miles away, it dominates markets across Africa. Unknown in the West, Transsion has left global players like Samsung and Apple trailing in its wake in a continent that's home to more than a billion people.

5/5 There is no war for talent, you need a talent strategy

"You will always struggle on talent if you are not planning or implementing an augmented talent strategy"

In an age where vanishing boundaries have also removed barriers to accessing talent, you have to re-imagine everything to do with people. There was never war for talent, despite being told so by McKinsey in 1997. If you had one, it implies you just didn't plan well enough.

First, digital has really enabled workforce mobility like never before. To be a global talent, you don't have to move countries. You need to have credible work experience of having delivered across borders. Gig talent is here and companies that understand this pool and leverage it are ahead in their talent game. Contrary to perception, gig talent is not about flexibility or temporary/contingent nature of engagement. It is about finding and deploying deep expertise to leapfrog ahead. It enables smaller companies to bring in expertise while competing with the big ones. Interestingly Senior Executives, not millineals are driving the gig economy in US.

Brands are increasingly becoming a verb. You can Uber to that place. You can Google it. But internal cultures haven't adopted this thinking. A study showed that an employee in a company spends an average of 2.5 hours searching for information to do the job well. With digital, you can bring this down to a few seconds search. The ability for companies to blur the lines between customer and employee thinking is a key component of agility. This also explains the renewed focus on employee experiences. Google's astounding new search tool will answer any question by reading thousands of books. Can you imagine having a simple yet powerful search tool so that your workforce can access knowledge and deliver to customers in real time? This would be good example of employee experience.

Augmented workplaces are 33 % more human. Dr Chris Brauer, director of innovation in the Institute of Management Studies at Goldsmiths, University of London did a study which analyzed differences between organisations that have augmented workforces, and those that have yet to embrace artificial intelligence and robotic process automation technologies. The study found that augmented workplaces score 33% higher on factors deemed to make a workplace more - not less – human, such as prioritizing continuous learning and fostering professional development. "Augmented organizations also achieved 28% higher overall performance, did 31% better financially, and were 24% more likely to innovate."

You can also read 'How to integrate Gig Talent into your workforce planning'.

Summary:

Q:
What do leaders need to lead in a world of intangible assets?

A:
Agility

At the beginning I put forth my definition of agility; "Being at the speed of the customer." When I deconstruct this further, leading in a world of intangibles needs leaders to be at the right intersections, with the right interfaces and the right insights.

The future belongs to companies that have mastered the intersections, interfaces and insights. (Originally articulated to introduce the Agile HR model)

Here is a quick explainer of Intersections, Interfaces and Insights:
1. Intersection between industries. With more non-traditional industry players disrupting markets, leaders are needed to drive strategies at the intersection of industries. (In a 2017 PWC survey 56% of CEOs predict a player from another industry will enter theirs.)
2. Intersection between knowledge domains: Applications, additive manufacturing, digital, wearable's, AI, Robotics, Machine Learning, Analytics, Marketing etc. E.g., Amazon Go or Coffee Farmers-Bitcoin.
3. Intersection of future of work: How to blend AI, Robotics, Gig workers and augmented talent, as in the case of Epicenter or Fukoku Mutual Life Insurance.

So how would you find, shape and build leaders to be at the right intersections, with the right interfaces and right insights?

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