

Three keys to leading amid **DIGITAL DISRUPTION**



NEW and evolving digital technologies continue to disrupt organizations of all sizes across all industries, fundamentally altering how many companies operate. It's also changing the nature of the modern workplace. When our *MIT Sloan Management Review* and Deloitte Digital study asked more than 3,300 respondents to describe what's different about working in a digital environment compared with a traditional one, three differences accounted for nearly 60 percent of all replies: the pace of change; a flexible, distributed workplace; and culture.

None of these differences are technical in nature. They instead point to the way digitization is changing the very nature of work—which in turn can require new ways of leading. So just how should executives respond? Our study revealed three critical actions they can adopt to help employees excel: providing direction, enabling innovation, and facilitating execution.

How digitization is changing the workplace ...

What is the biggest difference between working in a digital business environment and a traditional one? (top 3 responses)

Increased pace of business	23%
Flexible, distributed workplace structure	18%
Culture and mindset	18%

Direction—in the form of an aspiring vision and purpose for an organization that drives employees to commit their talents and energy to a common objective—can be critical for companies in the digital age. As the pace of change accelerates, a clearly articulated vision and purpose can serve as a compass to guide employees as they work, especially in distributed environments where employees have greater autonomy to make decisions.

The need to spearhead **innovation** may account for the development of distributed, less hierarchical organizational structures. Our research indicates these structures are thought to encourage collaboration and experimentation, which can enable an organization to adopt the collaborative and risk-embracing culture and mindset that mark a digital environment.

Finally, empowering employees to **execute** often means creating a culture where taking risks is supported and people feel empowered to make decisions. In a distributed workplace structure, employees may find themselves in new positions,

... and how leaders should respond

What would you like your leaders to have more of to navigate digital trends? (top 3 responses)

Direction: Providing vision and purpose	26%
Innovation: Creating the conditions for people to experiment	18%
Execution: Empowering people to think differently	13%

having to make business decisions that may have been traditionally passed up a hierarchy (for example, a retail associate may no longer have to consult a manager before deciding to take back a worn but damaged garment). More than one-half of digitally maturing companies in our survey said they are increasingly pushing decision-making authority to lower levels of their organizations, empowering employees to generate creative solutions on behalf of their organization.

Of course, this doesn't diminish the importance of leadership traits critical in traditional hierarchical business environments, such as making decisions based on sound judgment and building an effective talent pool. But the traits of effective leaders can take on a new level of meaning in a digital world where speed and agility are critical, and execution depends on your talent's ability to think more creatively, work more collaboratively, make decisions, and take risks. Often, effective digital leaders understand this new environment and create the conditions that will help let their employees shine. ●

Read the full survey by *MIT Sloan Management Review* and Deloitte, *Coming of age digitally*, at www.deloitte.com/insights.

Deloitte.

Insights

 Follow @DeloitteInsight #DeloitteReview

 www.linkedin.com/company/deloitte-insights

Subscribe to receive email updates at deloitte.com/insights