

Leading in the Digital Age

How to create innovation and growth
in the global procurement and supply chain
industry

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Digital technology is disrupting everything from consumer behavior to employee engagement. In the global procurement and supply chain industry, where robotic process automation (RPA), Cloud-based applications and big data will all experience major growth, embracing transformation is crucial. But digital is not just a game-changer for procurement and supply chain leaders. Executives in all sectors of the economy can use digital technology to inspire visions of a very different future and create tremendous value and growth.

Those that fail, however, will see the very existence of their organizations under threat. The stakes have never been higher. Leaders are under enormous pressure: their decisions today will determine whether their companies emerge as champions or as footnotes of corporate history.

The inexorable rise of digital players is reflected in the market cap of the world's top 5 firms: in 2001 Microsoft was the only technology firm in the top 5 league. Today, by contrast, the 5 biggest firms by market cap – Apple, Alphabet/Google, Microsoft, Amazon and Facebook – are all tech players.

Technology mega trends like Cloud, IoT and Artificial Intelligence are currently re-shaping business. Analyzing big data in real time is creating new ways of understanding and predicting behaviors. Blockchain, or distributed databases that build trust via mass collaboration and clever code, will be widely leveraged by firms within the next 3 years; while robots are set to disrupt and transform white collar jobs.

Deepening multi-stakeholder dialogues

In boardrooms around the world, the issue of how to lead and drive such radical digital transformation tops the agenda. But if such discussions are to create true strategic insights, then a critical mass of board members must be digitally-savvy. It's not enough to have a single digital expert on the board.

To broaden their vision, board members should also seek to deepen their dialogue with customers, employees, peers in other industries, external influencers, and even competitors. Such dialogue is the quickest path to understanding how their companies can harness technology to reimagine customer experience and create lasting value.

As leaders engage in this multi-stakeholder conversation, they too must learn to listen in new ways – both to the needs and aspirations of customers, and to disruptive ideas from people from within and outside their organization. They need to shift from competing and contradictory perspectives to honing solutions and innovations that can create real breakthroughs for their company. Digital leaders are listeners and executors at the same time.

What does it mean to be a digital leader?

Digital leaders around the globe share a set of key characteristics. In addition to listening better than ever, digital leaders need to have the courage to execute boldly, despite the very real prospect of failure. They must also be able to communicate their strategic vision in a compelling way.

Customer-centricity is another hallmark of the digital leader. This means understanding customer behavior and expectations and creating an empowered consumer experience. Driving radical change also calls for resilience and the ability to handle the stress of dealing with resistance from a large group of “traditionalists”. Given the rapid pace of digital transformation, leaders must also stay agile and demonstrate flexibility, using data-driven insights to respond to market feedback and shifts.

Creating non-digital value

Digital transformation is increasingly connecting the world and creating a perfect storm for change. This will make anything that cannot be digitized or automated extremely valuable in the future. Machines are very good at simulating, but only humans have traits like creativity, emotions, ethics and imagination. Looking forward, leaders need to focus on these areas to positively shape and uniquely contribute to digital developments.

Note: This article is based on a speech at the European Procurement and Supply Chain Excellence Summit in Dresden by Sandra Stegmann, Leader of the Technology & Communication Practice Group at Egon Zehnder Germany, June 2018.