

You Won't Find a Proven Digital Transformation Savior—yet. Here's What to Do in the Meantime

By Jeff Otto | June, 2017



Technology is transforming the industrial sector, bringing dramatic change in everything from time to market to customization. Realizing these benefits, however, requires organizations to undergo transformational change. But who, exactly, is going to make that change happen?

Unfortunately, executives who can lead these transformations aren't just rare—they are essentially non-existent. **The role of “digital transformational leader” is simply too new** for there to be an established pool of talent. Instead, in the same way that astronauts were recruited to the early space program before anyone knew exactly what an astronaut was, you need to identify transformational leaders who have the “right stuff” rather than simply look for those with the right resumes.

Finding those pioneers was the topic of discussion when Egon Zehnder's Industrial Practice Group gathered in Chicago recently to compare notes and hear from two outside experts who are among the first generation of transformational leaders in the industrial space: **Enno de Boer**, Partner and Digital Manufacturing Leader at McKinsey & Company, and **Anil Varma**, Vice President – Analytics and Digital Solutions at Schlumberger. As I reflect on this discussion and my own experience helping industrial firms find the people who can meet this leadership challenge, I've observed that industrial transformational leaders need two distinct types of “right stuff”: specific competencies and specific traits. Without both, they will fail.

Let's start with the three foundational competencies and experiences needed to lead transformation. **Business acumen** tops the list because without it, it is too easy for digital transformation to become an overgrown science project. Ultimately, all transformation needs to support a business thesis, and the business acumen of the person in charge helps ensure that remains the case. Yet transformational leaders must also have a **technical background**—although not necessarily in information technology or computer programming. The key here is not specific domain expertise, but rather the type of structured thinking and comfort with technical issues that digital transformation requires. Finally, they need to be people who have **led disruptive—rather than incremental—improvements** in the businesses they have managed. Leaders like this are almost always non-linear thinkers, sometimes even to the point of being considered difficult iconoclasts.

These three components suggest that a candidate has the right tools to succeed. But the process of transformation isn't like implementing a new CRM system—it touches everything from resource allocation to product development to talent management. Because this change is so deep and broad, those at the helm don't just need certain leadership skills—they need the personal traits that will help them overcome the inertia and obstacles they will surely face. Our research into the backgrounds of thousands of

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executives who have thrived in the face of uncertainty has shown that they share four critical qualities that we refer to collectively as *potential*. First, they are **curious**. They have an innate drive to learn more and ask “What if?” Executives who lead transformations look at the world in this questioning way. Second, they are **insightful**. They can discern patterns and make connections quickly, opening the door to new thinking. Third, they are **engaged**. They understand that ultimately, digital transformation is not about technology but people, and how they use that technology and how they move through the transformation. Finally they are **determined**. The road is never straight or easy—the executive needs the grit and perseverance to see the transformation through.

Eventually, perhaps, “transformational leader” will be a title like “CFO” or “head of supply chain”—a well-established role that people can point to on their CVs. Until then, however, industrial organizations will have to find those with the right stuff who can set the standards for those who follow.

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