How Digital Leadership Is(n't) Different

BY MOSTAFA SAYYADI

In today's digital economy, leaders must develop technologies to increase their companies' market value.

I propose that this digital leadership requires certain solutions, which I have based on interviews with senior managers from eight countries. Leadership in digital technologies can help businesses to achieve sustained change and, overall, a higher degree of effectiveness. In the absence of effective leadership, companies cannot achieve a high degree of competitiveness and market value and implement successful change to adapt to the digital economy.

Effective leadership in the use of digital technologies is one of the most important issues that organizations face today. The economy is more digital than ever, with digital technologies helping many organizations solve issues such as cybersecurity and operational risk management. One remaining question is whether replacing analog systems with digital technologies may cause the prices of products and services to increase. This may be true at first, but the digital divide is here to stay. Therefore, leaders must find a way to learn to effectively deploy these technologies.

Many executives are familiar with leadership surveys developed by scholars, and this article is not about measuring aptitude or defining leadership styles. It is about getting the information needed to be successful in the right hands of executives worldwide. The question raised here is, how can executives effectively lead companies in today's digital economy? In interviews with 81 managers and senior managers in a wide range of industries from eight countries (China, South Korea, and six European countries), I found there is a significant relationship between market value and the effective use of digital technologies. Many development sessions are built around new systems and better and improved ways of conducting business. As organizations develop their effective use of

digital technologies, their market value will grow. Companies that focus only on profitability without considering the importance of digital technologies achieve a lower market value than their competitors.

How can leaders effectively deploy digital technologies to increase their organization's market value?

LET THE DATA SPEAK

The senior managers I spoke with say there are several logical reasons why companies that are leaders in the effective use of digital technologies have higher market values. The first is that the companies achieve a quality of performance that the competition is unable to imitate. This gives the organizations a high level of competitive advantage.

When companies announce they are deploying new digital technologies to reduce costs, the announcement often triggers a temporary bounce up in the stock price. But organizations that can effectively use digital technologies are more likely to reduce costs compared with other organizations. For example, I found that many successful organizations in East Asia, especially in countries such as South Korea and China, develop digital leadership as an important weapon

in competition with American, Australian, and European organizations. They drastically reduce costs and increase their profit and market value. Also, Korean and Chinese organizations have brought the leadership of digital technologies to a level of optimal performance that can minimize the time between the product development lifecycle and the management of relationships with customers and the supply chain of goods and services. This eventually adds to their flow of cash more quickly.

HOW LEADERS CAN BETTER DEPLOY DIGITAL TECHNOLOGIES

My research also suggests that leaders who make certain moves can help their companies better use and deploy digital technologies. Leaders need to design and implement an integrated information technology system that allows the organization's departments and employees to communicate with each other all over the world.

This integrated and extensive system, which leads to the growth of complexity and competitive advantage of the organization, also reduces the chance of competitors imitating them. Additionally, this integrated system helps the growth of innovation by allowing ideas to be shared and enhancing communication. A successful example of this integrated information technology system can be seen in Alibaba, which compared to many of its international competitors, such as Amazon, has reached an amazing level of cost reduction and innovative growth.

Another suggestion is to use new project management techniques to design a culture that is suitable for supporting the use of digital technologies in organizations, with techniques such as those espoused in James G. Clawson's Level Three Leadership: Getting Below the Surface (Pearson, 2011)—vision, purpose, values, stories, music, and symbols. The training and development of human resources should also become an inseparable part of a company's strategic leadership.

Additionally, organizations must maximize the role of digital technologies in the supply chain and communications with customers so that costs can be reduced as much as possible. Companies such as Walmart, Target, and Kmart Australia have mastered the supply chain relationship and will only work with vendors that can meet their expectations. Lastly, train the leaders actively involved with information technology at their companies with management and business methods so that the best possible results can be achieved. Executives can now see that leaders can make a fundamental change in the processes by which a company serves its clients. Success is more likely when digital leadership is used to change organizational processes. Without a grasp on this one tenet, leaders are bound to fail.

> *Leaders must be aware of the importance of digital technologies in the company's market value and the vital role of solutions that can facilitate the organization's leadership in these technologies.*

This article was originally published in the MCE Quarterly!

Leaders must be aware of the importance of digital technologies in the company's market value and the vital role of solutions that can facilitate the organization's leadership in these technologies. All must embrace the notion that digital leadership is a crucial part of effective leadership in today's economy, as companies need to become more focused on long-term goals and develop and prioritize digital technologies in their macro development strategies.

Becoming a digital leader is of great benefit to managers. As Nancy Koehn, author and professor at Harvard University, stated in Harvard Business School Online's Business Insights blog in 2019 ("Authentic Leadership: What It Is & Why It's Important"), "It's what we're thirsty for now, we are looking for leaders who can help us make a leap of faith and be integral to creating a better world, and to believe this is worthy of doing so and possible." Regardless of the corporate position you are in today, attempt to develop digital leadership and improve your emotional intelligence so that you can be a successful, lasting, and influential leader. AQ

Mostafa Sayyadi works with senior business leaders to effectively develop innovation in organizations and helps companies—from start-ups to the Fortune 100—succeed by improving the effectiveness of their leaders. He is an author and a longtime contributor to business publications.

This article was originally published in the MCE Quarterly!

MCE / KEY FACTS

MCE is your reliable partner for continuous success with agile people development solutions.

10,000,000

participants on AMA & MCE programmes in the last 10 years

92%

of Fortune 1,000 companies are our business partners

96%

of participants report they are using what they have learnt at AMA & MCE

1,000+

expert facilitators globally

100+

Open Training Programmes running throughout EMEA

98

year's experience working with our clients around the globe