

THE D SUITE: DIGITAL, DATA, DISRUPTION AND DECISION MAKING



INTRODUCTION

Automation, machine learning (ML) and artificial intelligence (AI) have been widely heralded as the big deliverers and disruptors of business across the next decade. We all encounter automation on a daily basis, in the form of predictive text, telephone answering services and virtual assistance in the form of chatbots, but the technology is still in its infancy. While it's important not to get carried away with automation's potential applications, it is also foolish for businesses to wait to reach a particular milestone before considering the impact it will have on operations, customers and people.

Recent global events have shown that technology, when expertly exploited, can fundamentally change the way we do business in a very short space of time. The pandemic induced years of change, with companies accelerating the digitisation of operations by three to four years within a few months¹. 80% of companies already use automation software or plan to use this technology in the next 12 months and the pandemic influenced one in three organisations to use automation to bolster the productivity of employees².

Digital transformation is not just a system upgrade but changes the principal ways an organisation works. As organisations continue to embrace emerging innovations and new ways of thinking to add business value and drive efficiencies, they will be in a permanent state of transformation. Yet, investing in innovation without investing in the people to land it is a fast route to technical debt. Tech-enlightened leaders are critical to deciding which systems and processes to adopt and ensuring transformation delivers the desired business outcomes. Therefore, talent strategies must go hand-in-hand with business development strategies.

3-4

YEARS' DIGITAL
ADVANCEMENT
WITHIN A FEW
MONTHS.¹

¹ [How COVID-19 has pushed companies over the technology tipping point – and transformed business forever](#), McKinsey, October 2020

² [Global AI Adoption Index 2021](#), Morning Consult on behalf of IBM, April 2021

INTRODUCTION

Appointments, particularly in the C-Suite, have reflected this shift. Organisations require candidates with the digital intelligence (DQ), the emotional intelligence (EQ) and the real transformation experience to successfully implement lasting change. As businesses plan to secure a piece of the profits AI and automation promises, the demand for skilled candidates with these qualities will continue to grow.

This presents new challenges for Human Resources and Learning & Development teams, especially as a number of post-pandemic factors have led to a talent dearth. Early retirement amid Baby Boomers³ and the influence of the so-called “Great Resignation” – almost half of UK workers looked for or applied for another job or spoke to their employer about resigning in the last quarter of 2021⁴ – has created a tough recruitment and retention environment. The shortage of high-quality candidates, particularly at a senior level, could prohibit businesses benefitting from emerging technology and future innovation. It further underlines the importance of building talent strategies that recruit and develop future leaders with the skills and behaviours that meet the demands of true transformation.

³ [Sixty is the most popular age to retire](#), Aviva, December 2021

⁴ [Ipsos](#), February 2022

THE FUTURE OF WORK

As is evident throughout history, technological advancement changes roles and creates new job opportunities rather than removes jobs from the market. When correctly deployed, the technology will enable organisations to scale operations and take on some of the administrative processes and repetitive tasks that occupy employees, freeing them to manage the technology and take on more valuable tasks.

Despite fears, AI is in no way sophisticated enough to replace humans. It cannot replicate the same emotional responses and instincts people have when making decisions or reacting to unfamiliar scenarios.. The challenge will be in upskilling the workforce so they can manage new technology and adapt to new roles as they evolve. While it is impossible to predict exactly what technical skills will be required in future, development programmes can equip individuals with the leadership behaviours for change management. It is these softer skills that will take the company forward, help it to remain competitive and create a thriving workplace culture.

THE MOST VALUABLE LEADERSHIP QUALITIES

The pace of change has reset the art of the possible, meaning leaders require a new set of skills to act effectively and meet new expectations. Alongside traditional good leadership traits – good communication, adaptability and the ability to influence others – two behaviours define great leaders of change in the modern world: digital intelligence

(DQ) and emotional intelligence (EQ). DQ enables executives to understand digital technologies and data and exploit the insight or new capability to improve the business. Leaders with a high DQ can analyse the benefits and risks new technology poses and make good decisions quickly. EQ enables leaders to unite teams. Emotionally intelligent people are personable, empathetic and trusted; key qualities for gaining support for decisions and motivating others in periods of challenge, uncertainty and change.

DEMAND FOR EXPERIENCED LEADERS OF TRANSFORMATION

Experience in true transformation is vital as these individuals understand how a fundamental change to the business model impacts the company. Leaders familiar with transformation can anticipate issues (potential pitfalls) and draw on past experiences (perhaps a pitfall!), making them more confident in decision making. Transition is always met with resistance and unforeseen problems so as much as experience can help, resilient agility is an invaluable skill. It combines the ability to quickly

DQ & EQ

DIGITAL AND
EMOTIONAL
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DEFINE GREAT
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THE FUTURE OF WORK

adapt and the courage and grit to see things through, giving leaders the mental and emotional resilience to cope with change.

DIGITAL LEADERSHIP ROLES

The speed that digitally enabled companies were able to adapt to remote working and pandemic trading conditions has renewed appreciation of digital skills and leadership behaviours. Likewise, the role data and technology play in delivering against business objectives. Advancements in data and technology means digital teams are front and centre customer touch points, generating revenue and building relationships.

As a result, positions such as Chief Information Officer (CIO) and Chief Technology Officer (CTO) are making more strategic decisions and carry greater influence than ever before. The urge to differentiate the new “business enabling technology” mandate from traditional “enterprise service” jobs is affecting leadership role titles. CITO (Information and Technology), CTPO (Technology and Product) and CDTO (Digital and Technology) hires are increasing and are deliberate signals of change.

However, it is important not to get caught up in job titles. We have seen the rise and largely demise of roles such as Chief Digital Officer. Created to give greater focus to customer facing technology at board-level,

the title became obsolete when digital became a core component of all business streams and all C-level executives and leaders required an understanding of the digital ecosystem. As the technology develops, jobs focused on automation will emerge, but it is an individual’s grasp of the overall business opportunities that ensures success rather than technical understanding alone.

WHAT DOES THIS MEAN IN PRACTICE?

- ✦ The speed of change makes it unnecessary and impractical to equip leaders with the technical minutiae to work new technology – save this training for the teams operating it
- ✦ Boards still require leaders with a degree of technical knowledge to understand the implications, the potential value and risks automation brings
- ✦ Soft skills are fundamental to successful decision making as well as act as “a babel fish” for other executives and stakeholders in order to secure buy-in
- ✦ Leadership development needs to centre on developing behaviours that will enable them to make and implement decisions that drive organisational change

EMBRACING AUTOMATION FOR BUSINESS SUCCESS

It is easy to be distracted by the shiny and new, particularly when it is perceived to be the “next big thing”. Automation shows huge promise and is already impacting the bottom line for many with more than 85% of advanced adopters using AI to reduce operating costs and a reported 6.3% points of revenue gains from AI investments. Furthermore, organisations that have adopted AI financially outperform their competitors⁵. Executives clearly see automation as a game changer, with 63% believing AI is very important to company success and over half predict it will transform the business within three years⁶. However, simply investing in the latest technology may not deliver the business growth and improvements desired.

The forced rapid acceleration of technology is predicted to worsen technical debt for 60% of firms⁷. It's at this point that leaders with good grounding in the digital eco-system will be able to make the necessary decisions about where to focus efforts and will be rewarded by taking their organisations forward and gaining a competitive edge.

BUSINESS STRATEGY IS DIGITAL

Many organisations already perceive themselves – or their competitors – to be a product or digital business. The pandemic hastened this shift in identity, as organisations accelerated the share of digital and digitally enabled products in their portfolio by up to seven years⁸. In the scramble to becoming digital, organisations can be blinded by the potential rather than fundamentally looking at how they can use digital to add value.

Digital adoption and transformation should always be made within the wider objectives of the business. Can it generate new income streams? Scale operations to serve more customers? Or improve customer and staff experience? Investment in innovation must be closely tied to the business benefits the technology brings or the problems it solves. Equally important is understanding the impact new ways of working has on business outcomes to inform future investment.

DATA REMAINS KING

Automation requires vast amounts of data to turn a narrow set of tasks into predictable outcomes. Its binary responses are only as good as the quality and parameters of the dataset it uses. Poor data is the reason half of all AI projects fail⁹ and 32% of IT professionals report that data complexities and silos are a top barrier to AI adoption¹⁰. The data

60%

OF FIRMS WILL WORSEN TECHNICAL DEBT DUE TO RAPID INVESTMENT IN THE LATEST TECHNOLOGY.

- [5 The Business Value of AI, IBM, November 2020](#)
- [6 State of AI and Intelligent Automation in Business Survey, Deloitte, 2021](#)
- [7 Predictions 2022: Leading Tech Execs Will Shift from Short-Term Problem-Solving to Long-Term Innovation, October 2021, Forrester, October 2021](#)
- [8 How COVID-19 has pushed companies over the technology tipping point – and transformed business forever, McKinsey, October 2020](#)
- [9 Four trends driving near term Artificial Intelligence Innovation, Gartner, September 2021](#)
- [10 Global AI Adoption Index 2021, Morning Consult on behalf of IBM, April 2021](#)

EMBRACING AUTOMATION FOR BUSINESS SUCCESS

output is only as good as the data that is input – it requires skilled data operators to correctly code and manage programmes. One of the cardinal errors organisations make is simply automating a process before checking that it is fit for purpose and fulfils everything it could. Once automated, it is unlikely that it will be reviewed again and will become a source of future technical debt.

In the leadership suite, the effective use of data is crucial to making strategic decisions. When used correctly, data provides an in-depth look into departmental or product performance, it can answer questions that will benefit internal operations and uncover areas for improvement.

MONETISING DIGITAL AND DATA

Far deeper than simply improving systems and speeding up processes, automation has the potential to transform the business at its core. In addition to solving operational problems, technology can be used to create new products and services to add value to the business.

Data is a good example of how organisations can miss out on the commercial potential of digital transformation. Data as a commodity has been on the radar for most organisations for over a decade and they have duly

invested in data collection and management. However, with little more than the idea of “doing something with data” it fails to deliver. It takes a leader who has both the business acumen and analysis skills to unlock the true value of the insight collected. In the process of automation, organisations will have the opportunity to review data collection, when overseen by the right people there’s a chance to reconsider how both the data and automation can generate revenue.

WHAT DOES THIS MEAN IN PRACTICE?

- ✦ Too often organisations are driven to embrace technology for the sake of it and overlook how it can improve business outcomes
- ✦ It is the role of leaders to define what value can be gleaned from transformation and decide how it is best implemented in their organisation
- ✦ To succeed, every new transformation and innovation should be implemented to meet business objectives

50%

OF ALL AI PROJECTS
FAIL THANKS TO
POOR DATA.

THE ROLE OF THE C-SUITE IN DIGITAL TRANSFORMATION

AI, Internet of Things (IoT) and cloud computing are the top three technologies CEOs expect will most deliver results¹¹. However, business strength will lie in how they approach technology and how organisations choose to wield advancements to best benefit the company. Data provides the evidence to help leaders make these informed decisions. Good data management and AI technology can then predict outcomes enabling them to test ideas. Yet, as Forrester predicts¹², cutting edge executives will leap from digital to human-centred technology transformation. Harnessing employee creativity to improve customer and employee experience will give businesses a competitive edge, help them to stand out in crowded markets and increase employee engagement.

MANAGING RISK AND GOVERNANCE

As automation technology becomes more sophisticated, policy makers and wider society will take a view on how it should and should not be used. Having already navigated data protection legislation, organisations would be remiss if they do not apply their learnings and prepare for further governance. Managers of GDPR know that adopting best practice early on will avoid being caught out.

Cyber threats and hacks have become one of the biggest business risks, as exemplified by a series of recent attacks on high profile organisations. All new technology has the potential to pose risks, whether to company security or a tool that enables a competitor to grow. In the case of automation, training and investment is already helping organisations to mitigate

concerns, 57% of executives cite cybersecurity as a relevant AI risk; a drop from 63% in the previous year¹³.

WIELDING AUTOMATION FOR BUSINESS GROWTH

Businesses are already using automation for a range of different operations to success, particularly to optimise customer relations and supply chain management. A basic but effective application is the scheduling of sales and marketing communications, which enhances the customer experience, drives new purchases and builds brand loyalty. Examples include sending automated messages to help customers at key points along the pathway to purchase, reminder emails for product maintenance and parts replacement as well as special offers on recommended products based on their buying history. The key to success is identifying the processes that will

57%

OF EXECUTIVES CITE CYBERSECURITY AS A RELEVANT AI RISK.

11 [2021 CEO Study: Find your essential](#), IBM Institute, April 2021

12 [Predictions 2022: Leading Tech Execs Will Shift from Short-Term Problem-Solving to Long-Term Innovation](#), October 2021, Forrester, October 2021

13 [The state of AI in 2021](#), McKinsey, December 2021

THE ROLE OF THE C-SUITE IN DIGITAL TRANSFORMATION

deliver the greatest impact to the organisation as a whole, whether this is increasing profits, reducing costs or saving time.

Data enables the C-Suite to make fact-based decisions about how people and capital can effectively be deployed as well as predict outcomes. Once an organisation has a degree of maturity in its capability, it can be very responsive and agile to meet market and customer needs.

UNDERSTANDING THE LIMITS OF TECHNOLOGY

Some technologists would have you believe the technology will be able to do anything and eliminate the need for human interaction. Not everything can be solved or simplified with technology. The transport sector has already shown that human thinking must remain behind core processes. While planes, ships and trains are largely automated, pilots are still required as they can dynamically solve problems that the computer is incapable or not interested in solving such as self preservation! Technology is still unable to show compassion and, in the event of a severe problem, may choose the path of least resistance rather than the route that is in humans' best interest. Defining these boundaries will be an important role for the C-Suite as well as governments and industry associations.

DRIVE CHANGE

As well as delivering the transformation agenda, the C-Suite is responsible for how it is cascaded across every level. The rate of change businesses experienced in the early days of pandemic has redefined what is possible in terms of transformation, so executives can set ambitious targets to implement lasting transformation quicker. Adhering to strict metrics ensures everyone can track progress and regular reports to the board will drive accountability, preventing slips to the timeline.

WHAT DOES THIS MEAN IN PRACTICE?

- * Technology still needs strong human decision makers to guide its best use
- * IT plays a central role in shaping decisions and business strategy overall, with CTO and Data roles helping to define the art of the possible through technology as much as how technology can help achieve business objectives – it is not the back office function it once was.
- * What gets measured, gets done! It is the C-Suite's remit to push for transformation to happen

DIGITAL TRANSFORMATION AND PEOPLE TRANSFORMATION

Placing the right people with the right knowledge and experience in charge of transformation mitigates the technical and personnel challenges associated with change. As well as managing transformation, HR teams will be mindful of how digital capabilities can streamline their own processes. Human resources departments fundamentally deal with human emotions and personalities. They need to tread the line between deploying automation effectively and defining when it is time for humans to step in. Replacing certain interactions with technology could lead to frustrations from current and prospective employees.

The talent agenda is core to transformation success – **the top quartile performing organisations are three times more likely to run a talent strategy alongside digital transformation**¹⁴. This cannot be solved by hiring “heroes”, as the skills are scarce. When it comes to automation, more than a third of UK employers believe there is an AI skills gap¹⁵ and 68% of executives report a moderate to extreme AI skills gap¹⁶.

ADDRESSING THE SKILLS GAP

The UK is already at risk of falling behind the rest of the world, with **61% of managers focusing on the technology they implement rather than 39% who are focusing on people and how they work with automation technology**. Globally the trend is reversed, with 56% prioritising people and 44% concentrating on the technology¹⁷.

Developing talent internally must be a priority to bridge skills gaps and support retention and career development. Currently **only 17% of UK employees say they have**

been part of re-skilling efforts, far less than the global figure of 38%¹⁸.

The private sector plays as big a role here as the government and educational institutions, with organisations taking responsibility for developing the skills they need.

HR’s role covers the whole organisation, meaning it also has a big role in the recruitment and development for the C-Suite. Therefore, it must be able to recognise the difference between strategic business planners and order takers, which will help to place technology leaders who can be a part of strategic business planning.

AUTOMATING HR PROCESSES

There is the potential to use automated tools to manage upskilling and training as well as talent recruitment. It can enhance recruitment and development by make the process more transparent. Mapping tools and automated messages can be used to update both employers and candidates on where they are on the journey. For entry level roles, it can help to sift

68%

OF EXECUTIVES
REPORT AN AI
SKILLS GAP.

¹⁴ [Annual IT Strategy Survey](#), McKinsey, March 2021

¹⁵ [UK faces AI skills gap](#), Microsoft, 2020

¹⁶ [State of AI and Intelligent Automation in Business Survey](#), Deloitte, 2021

¹⁷ [UK faces AI skills gap](#), Microsoft, 2020

¹⁸ [UK faces AI skills gap](#), Microsoft, 2020

DIGITAL TRANSFORMATION AND PEOPLE TRANSFORMATION

through CVs and identify candidates with the essential qualifications to take through to the next round. Indeed, the number of CVs being written to be read by computers is rising. While this approach can highlight the keywords employers have identified as important to build a longlist, it often creates an incoherent summary of skills, overlooks valuable experiences and fails to demonstrate a candidate's true ability.

The real danger is that AI works against an organisation's Diversity, Equality and Inclusion agenda. Companies tend to hire in their own image and much work has been done to build more diverse teams, which bring the benefits of a wide range of experience and backgrounds. AI, by its very nature, introduces bias as it is trained to screen for the characteristics and education held by people who previously held the role.

Capabilities are still rudimentary; AI fails to assess the soft skills essential for leadership, so could not reliably sift through applications for management roles. Equally the technology is incapable of conducting fair interviews. While some companies have been using virtual interviews to save time, the robotic nature of delivery and lack of nuance in questioning

means candidates are unable to show their personality or discuss relevant experiences that would occur off script.

WHAT DOES THIS MEAN IN PRACTICE?

- ✦ HR's influence on delivering digital strategy and transformation must not be underestimated, it is instrumental in recruiting and developing the talent to implement it
- ✦ Technology can introduce greater transparency in HR processes and improve efficiency, however it is not sophisticated enough to manage the "human" input required from HR officers
- ✦ People are still at the heart of organisations and, particularly in times of talent shortages, HR teams need to look at how technology can build efficiencies, engagement and learning without replacing the necessary human engagement

USING DIGITAL TO SHAPE WORKPLACE CULTURE

Good people remain at the heart of successful organisations. The shift to remote working in the past couple of years has highlighted the importance of workplace community. Mental health has continued to climb the corporate agenda, with the shared experiences of the pandemic doing more to prioritise mental health and wellbeing than any previous initiative. It also cultivated personal connections and honest conversations as employers took on greater responsibility for their people outside of the (physical and virtual) workplace. Strong HR directors and emotionally intelligent leaders have highlighted the importance of approaching major change with compassion.

COMPOSURE, RESILIENCE AND FOCUS ARE KEY TO MAINTAINING LEADERSHIP CREDENTIALS IN TIMES OF UNCERTAINTY.

A caring culture remains important as organisations permanently adopt flexible working. Having experienced a greater, or lack of, support during the pandemic, employees also place greater value on feeling connected to their colleagues and the company. As a result, community is a vital strand for recruitment and retention messaging. The challenge is in creating this sense of belonging when employees spend less time in the same physical space.

USING TECHNOLOGY TO BUILD TRUST AND DO GOOD

Technology saved social interaction throughout the pandemic, social media use exploded and Zoom calls, WhatsApp and Slack services replaced face-to-face communications. Lockdowns also encouraged reflection and opportunity to consider social injustice and our collective impact on the planet. Topics such as Black Lives Matter, the murder of Sarah Everard and Insulate Britain united people,

firstly online and then in physical protests, showing that shared values have the power to connect.

Technology can play a role in sharing organisations' business values, giving clarity to and sharing the narrative behind corporate thinking. Yet, it is delivery and tangible positive action that will engage employees. Automation can introduce transparency, updating employees in real time on achievements against ESG objectives and inviting them to contribute at appropriate moments to ensure they feel, together with the company, they are enacting meaningful change.

BALANCING HYBRID WORKING

Flexible working is one of the top requests for most candidates – almost three quarters of workers want flexible, remote working to continue¹⁹. Organisations without an option in place will struggle to recruit and retain talent, however they do need to consider the practicalities of developing a team and supporting creativity, collaboration, a sense

USING DIGITAL TO SHAPE WORKPLACE CULTURE

of belonging and happiness in remote or partial remote settings. They should also consider the practicalities of the essential tacit learning and EQ development traditionally achieved in office settings, especially for less experienced staff.

The pandemic proved that, in many cases, productivity did not suffer from remote working, although high productivity is masking exhaustion in the workforce; over half of employees feel overworked and 39% feel exhausted²⁰. This is potentially due to digital overload, with more time spent in online meetings, more emails and electronic messages sent. At the same time 62% of communications are unscheduled, interrupting workflow and making employees feel tied to their phones and inboxes²¹.

Using data and employee feedback, HR and technology leaders should be able to strike the balance between virtual and face-to-face interactions. Establishing policies and parameters to maximise time spent in the office will help meet the demands of the 67% of workers who crave more in-person time with teams²² and give time for relationships to develop.

Transformation also requires a wider cultural change, one that encourages curiosity, experimentation and innovation. Failing fast is an effective way to understand the potential of new technology and new ways of working, helping leaders to make better decisions about its overall business benefits. Too often failure is stigmatised as a waste of resources and it is the role of the C-Suite to establish a new narrative and attitude; investing in technology without first experimenting will waste more resources in the long run.

¹⁹ [The Next Great Disruption is Hybrid](#), Microsoft, March 2021

²⁰ [The Next Great Disruption is Hybrid](#), Microsoft, March 2021

²¹ [The Next Great Disruption is Hybrid](#), Microsoft, March 2021

²² [The Next Great Disruption is Hybrid](#), Microsoft, March 2021

WHAT DOES THIS MEAN IN PRACTICE?

- * Digital transformation fundamentally changes how the business operates and what it offers, therefore altering the interactions and tasks undertaken by its people
- * Lifting of pandemic restrictions does not mean employers can reduce focus on supporting wellbeing – exhaustion and burnout remains a risk
- * Hybrid working models require thought on how to build shared corporate identity and foster human connections between employees and develop junior careerist skills and knowledge
- * Successful transformation requires leaders experienced in taking a business through a key change in culture and business as they will have learnt what works and how to mitigate resistance as much as the impact on its people
- * Leaders must be given the space to test new ideas and systems before making huge organisation-wide decisions that will have a huge impact on teams and wider culture

FINAL THOUGHTS

Automation and AI may be stealing headlines for its potentially huge impact on organisations; but in reality, it is just like any other digital transformation. While there are specific skills and business areas that will benefit from its capabilities it is important to remember that we are still a long way off the science fiction scenarios that forecast a robot takeover displacing the human workforce. Classical economic wage theory dictates that technological unemployment is impossible. Any advancement that increases labour productivity, increases the demand for labour, which will subsequently increase employment and wages. Automation will constantly evolve, and its impact will grow as it becomes more sophisticated, but this simply creates new jobs for humans – talent will always be at the heart of transformation.

At lower levels, organisations need to invest in developing the technical skills required to operate specific programmes as the technology becomes available and embedded. With the speed of technological development, frequent refresher and reskilling courses will need to take place as software requirements change. It is almost impossible to know what is needed and plan for these in advance, but organisations can place a greater focus on soft skill development to prepare team leaders. This includes DQ, which makes individuals receptive to new technology and able to analyse its capabilities from a commercial perspective before choosing how and where to deploy resources.

FINAL THOUGHTS

The fourth industrial revolution has forced businesses to react and make decisions faster than ever before. As technology continues to develop at pace, organisations will be in a permanent state of transformation and leaders will need to react to constant changing scenarios. In addition to technical expertise and people skills, leaders must also develop their own behaviours to deal with the pressure to define winning business strategies and manage change.

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