



## What Does Digital Transformation Mean for Leaders?

### Implications for talent and organizational culture

Digital forces are disrupting and reshaping nearly every business sector. Roles that did not exist even five years ago are rising in prominence, and many organizations are adopting a “fail fast and learn” philosophy in order to keep pace with new innovations and disruptive technologies. Two leaders at the forefront of this transformation — Ashwin Nathan, head of marketing and data at PepsiCo NA E-commerce, and John Palmer, senior vice president and chief learning officer of AT&T — recently joined us for a discussion about how digital impacts talent decisions and organizational culture. One thing became clear: It is vital that senior executives understand the far-reaching implications of digital and how they may need to rethink traditional approaches to talent strategy, career paths and the working style of the organization going forward. Here are some key takeaways for leaders to keep in mind as their organizations continue on their digital journeys.

## Keep asking: “Are we ready?”

“Digital is engulfing our business, and I look at it from external/business/consumer and internal perspectives,” said Palmer. In the near future, he anticipates that AT&T’s individual and business customers will have the power to customize their networks themselves, e.g., adapting bandwidth according to usage needs. “Internally, we’re making sure our work force is prepared for and ahead of this transformation. Do I have the internal talent to pivot and make this transformation, or do I need to go external?” In addition, leaders should consider a key question Palmer asked himself: “Are the jobs we have today relevant for the next five to 10 years?”

He advised mapping competencies to positions, considering the skills it takes to remain relevant in existing roles as well as those that will be required for future roles. It’s also vital that leaders stay abreast of emerging roles, such as chief data officers, and help foster an organizational culture that promotes continuous learning to adapt to a shifting landscape. To stay ahead of the curve, AT&T is partnering with Georgia Tech and online education platform Udacity to give employees easier access to advanced training in computer science and emerging technology platforms.

## QUESTIONS ORGANIZATIONS SHOULD ASK THEMSELVES IN AN ERA OF DIGITAL TRANSFORMATION

- » How is the accelerated pace of change redefining the qualities of a good leader?
- » Is the current management team prepared for these shifting dynamics?
- » Will the current organizational structure support an evolving digital strategy?
- » How would we define the current organizational culture? How does it need to change in order to encourage ongoing learning and innovation?
- » Does the board have a deep enough understanding of the opportunities and threats digital presents?



## Digital requires that talent across functions have a consumer-first perspective.

“With the ongoing shift in consumer behavior to an always-on, digital/mobile world, marketing is one of the first functions to change radically,” said Nathan. Leaders need to help determine whether the organization has enough bench strength in marketing, customer orientation and user experience expertise to fully seize the digital opportunity. As consumer

behavior continues to shift, functions along different points of the digital journey become affected, from supply chain to IT. “Today, every single function in the company has to plan for the impact of digital,” he observed. As digital breaks down silos, leaders will need to place greater emphasis on finding talent who excel at cross-functional collaboration.

## Don't underestimate the power of learning by doing and forging new career paths.

Education and training can give more experienced leaders an understanding of where the business is moving and how roles could change. However, while these activities can provide a solid foundation, according to Nathan, “Transformation happens when you’re actually doing it day to day.” To more quickly capitalize on data flowing into the organization, PepsiCo piloted an internal digital creative agency, D3 (demand, design and digital), for which Nathan brought in top external creatives and hand-picked marketing talent from within the organization. These marketers complete an 18-month rotation in the agency and then leverage their learnings — and digital focus — across the organization. “These teams now call themselves ‘marketing technologists’ vs. ‘marketers,’” he said.

This shift to a more digital orientation requires that organizations plan for career advancement opportunities that did not exist previously. Nathan noted, “Even though you may come in as a digital expert, you want to have critical experiences that get you exposure to other parts of the company. As the company transforms to compete in a digital-first world, your digital experts may one day have to run the entire company. At PepsiCo, every job I’ve had thus far has been one that didn’t exist before I took it; part of the reason is the changes we are making as a company to compete and win in digital. However, in each of these jobs, we’ve made sure that I am building critical skill-sets and gaining experiences that will prepare me to lead a business one day.”

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## Gain enterprise-wide commitment.

Commitment and investment from across the entire organization is crucial. According to Palmer, AT&T spends \$250 million on training, and the CEO is directly involved in curriculum development so that the business is aligned from top to bottom. To ensure training focuses on the right topics in an ever-evolving space, employees across the organization are able to review and rate courses as well as curate content for future programs. “Having employees own part of the

transformation results in much greater relevancy,” Palmer said. Organizational culture also plays a vital role in driving and changing behavior. PepsiCo has made a concerted effort to apply Facebook’s “Done is better than perfect” maxim, moving the cultural needle toward innovation and experimentation. These types of broad efforts not only create an environment where digital efforts can thrive, they can serve as a powerful way to attract and retain highly sought-after digital talent.

## The bottom line: There is no “done” in digital.

New technologies and platforms are constantly emerging. Leaders and their organizations must be prepared for continuous exploration of digital trends and reassessment of talent strategies, from role definition to

attraction and retention. With their power to influence talent decisions and organizational culture, senior leaders play a critical role in helping the organization succeed amid ongoing digital transformation.

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