

If It Can Be Digitalised, It Will Be **Digitalised**

TRANSEARCH
YOUR WORLD PARTNER IN EXECUTIVE SEARCH

John O. Burdett



If It Can Be Digitalised, It Will Be Digitalised

John O. Burdett

“Today is reality ... tomorrow is a choice.”

The Fourth Industrial Revolution

In case you missed it, we are “enjoying” the opening act of a social and cultural revolution; an inflection point so disruptive that the printing press, steam power and the discovery of oil come to mind.¹

How big a change are we talking about? In the early part of the 18th century – before a form of wage slavery called “factory work” dominated – virtually everyone worked on the



1 Before the 2008 market crash the top three companies in the world, by market cap, were Exxon, General Electric and Total. Today the top three are Amazon, Apple and Microsoft. Energy has been replaced by businesses that operate in the digital world.



land. Even a century ago at least 30% of doughboys who marched to war came off the farm. Today, in the US, less than 1% of people work in agriculture. The numbers are a little higher in Europe but not by much.

For three centuries the worker became an extension of the machine. Simple, mindless jobs were supported by overly complex processes. In a post-industrial society such jobs will continue to move to low-wage countries. No matter what the Twitter-born message of the day may suggest regarding job creation ... the law of economics doesn't have a chapter entitled "social conscience."

At the turn of the last century oil replaced steam and a new era was born. And then, half a century ago, in the first world, at least, the introduction of the computer heralded the knowledge economy. Countries like the UK and the US came to rely on the service sector. A highly educated workforce and a more open society combined with greater consumer choice turned machine minders into order winners. "Human resources" came of age.

If you hold down a key leadership role the world is getting faster, more turbulent and, to a significant degree, far less predictable. If that were not challenging enough, today's unprecedented level of disruption is about to become **significantly** more chaotic. Meta breakthroughs in technology mean that we are entering a new era; an age where sweeping and exponential change – along the lines of Moore's Law² – will dominate the business landscape for the foreseeable future.

Trade tariffs and impressive job gains notwithstanding, "Make America great again" is destined to become ... "Make America grate again." Millions of workers in the US and around the world are about to be replaced by machine learning, robotics and artificial intelligence. The McKinsey Global Institute's report (2017) predicted that by 2030 as many as 800 million jobs could be lost to automation around the world. A study by Citi and Oxford University found that 77% of all jobs in China are at risk from automation as are 57% of all jobs across the Organisation for Economic Co-operation and Development (OECD). Mark Carney, the Governor of the Bank of England, warned that 15 million jobs in Britain could be under threat. Foxconn has already replaced tens of thousands of its employees with robots. In early 2018 they announced a further investment of \$4 billion on robotics. At the time, Foxconn chairman Terry Gou said: "If we can't change, we'll be left behind. The next three years will be decisive. Our old formula for success will be shaken up." If it can be digitalised, it will be digitalised! The machine is back!

People working in call-centres, supermarkets, banks and/or truck drivers are first in line. If it doesn't involve a high level of skill, innovation, flexibility and/or value-adding interface with the customers – the majority of those who call manufacturing "home" are on a fast

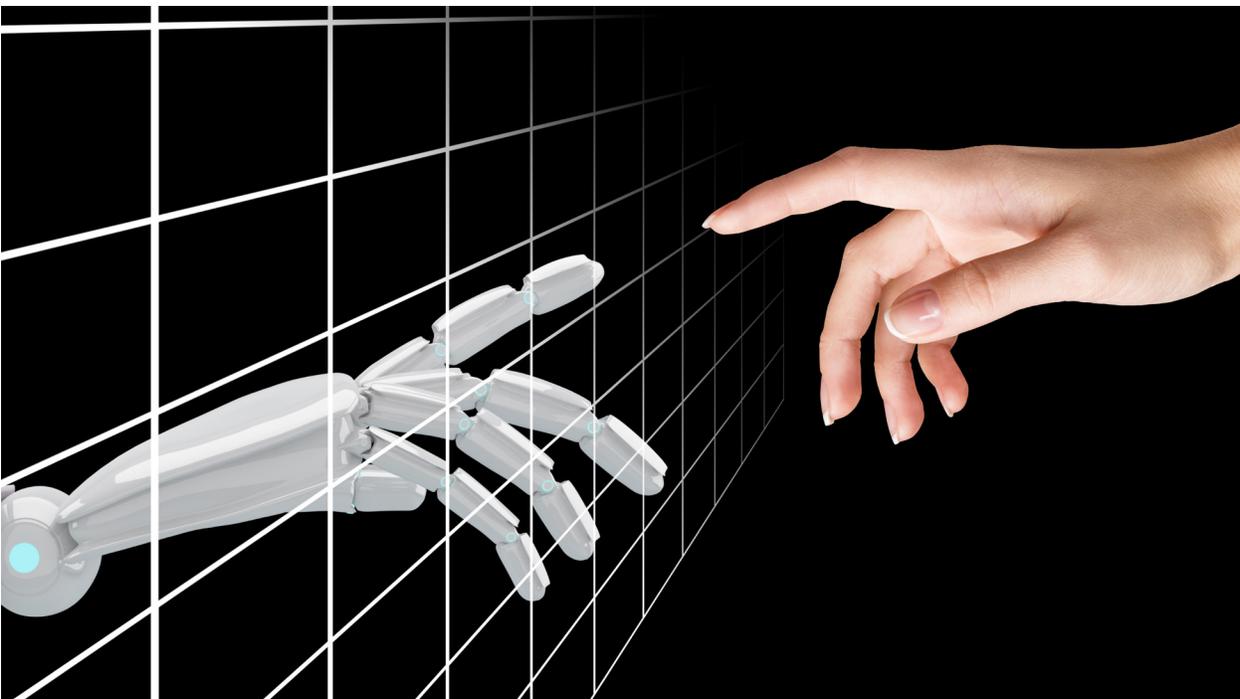
2 Gordon Moore was the legendary co-founder of both Fairchild Semiconductor and Intel. In 1970 he suggested (accurately) that processor speeds for computers would double every two years.



track to redundancy. Doctors, lawyers, financial advisors and a host of other professions that rely on “knowledge” are also about to go through a cultural upheaval.

The good news: 60% of the jobs that will be advertised ten years from now don’t currently exist.³ The not-so-good news: few of those who will be pushed aside in the new machine era will be remotely qualified to do those new jobs. If society is to avoid meltdown; a planned, rather than a headlong rush into new technologies⁴; a new approach to unemployment; and an expansion of the sharing economy ... become political imperatives. Today is reality ... tomorrow is a choice.

We are still 20 years from super computers being smarter than good old Homo sapiens. That said, Watson, IBM’s current super computer, chews up information at the rate of a million pages a second. Watson and his multi-terabyte⁴ pals not only have access to millions of reference sources, they have the built-in capacity to learn. And here is where it gets really scary. Quantum computers will be a million times faster than Watson. We are quickly reaching the point where not only is tomorrow’s possibility difficult to understand ... but we are about to cross a threshold where it will be beyond our capability to understand.



3 Nanotechnology, big data analytics, bionics, biotechnology, the mobile internet, the internet of things and robotics.
4 Watson has eight terabytes of RAM.



Your digital assistant will soon have the capability to recognise, transcribe, correct and then translate your voice perfectly into 180 languages. While doing so, your “assistant” will also find you the best flight, book your hotel, make reservations at a restaurant to suit your taste, send your domestic partner your itinerary, submit your tax return and remind you of your next meeting. It will do the latter in a tone and delivery – to complement your mood – impossible to distinguish from the human voice. Because of its capacity to learn, your digital alter ego will quickly know you better than you know yourself!

The abject naivety that underscored the Trump-Clinton election was exemplified in each candidate’s approach to gun control. The “Donald” trumpeted that his opponent wants to “take away your guns.” Clinton chimed in by responding that “no one whose name was on the ‘no fly’ list should have access to guns.” Meanwhile, 3D printing means that – no fly zone or not – the capability to build a working handgun in your kitchen is about to become commonplace.

Sometime after the election, as if to bring a belated sense of reality to the political conversation, the Obama White House did state, “Advances in artificial intelligence have the potential to wipe out millions of jobs in factories.”⁵ As 2015 Nobel Prize-winning economist, Angus Deaton, told the *Financial Times*, “Globalisation for me seems to be not first-order harm and I find it very hard not to think about the billion people who have been dragged out of poverty as a result. I don’t think that globalisation is anywhere near the threat that robots are.”

The US army is already at an early stage of using 3D technology to print food, ballistic missile components and body parts. Not only will the battlefield change out of all recognition but factor in the impact of 3D printed, just-in-time replacement parts on a \$580 billion military spend – 99% of which is outsourced – and you have some idea of future fallout for the US military-industrial complex. On the other hand, intelligent drones, robot soldiers and self-driving tanks – built in factories with few people – will, no doubt, create new opportunities.

The number of students around the globe enrolled in higher education is forecast to more than double to **262 million** by 2025. The US currently has 20 million undergraduates enrolled in colleges and universities and another three million pursuing advanced degrees. It is a half-trillion-dollar business. Part-time education significantly inflates that number. A combination of online access and AI is about to change all that. **Duolingo** is a website that helps 300 million people around the world learn a new language.⁶ Apart from the fact that it’s free, **Duolingo’s** AI engine tailors each individual’s learning plan to match their style and speed of learning.⁷ What AI is doing for languages today, similar technology will do for

5 Reuters.

6 Duolingo was initiated in Pittsburgh by Carnegie Mellon University professor Luis von Ahn.

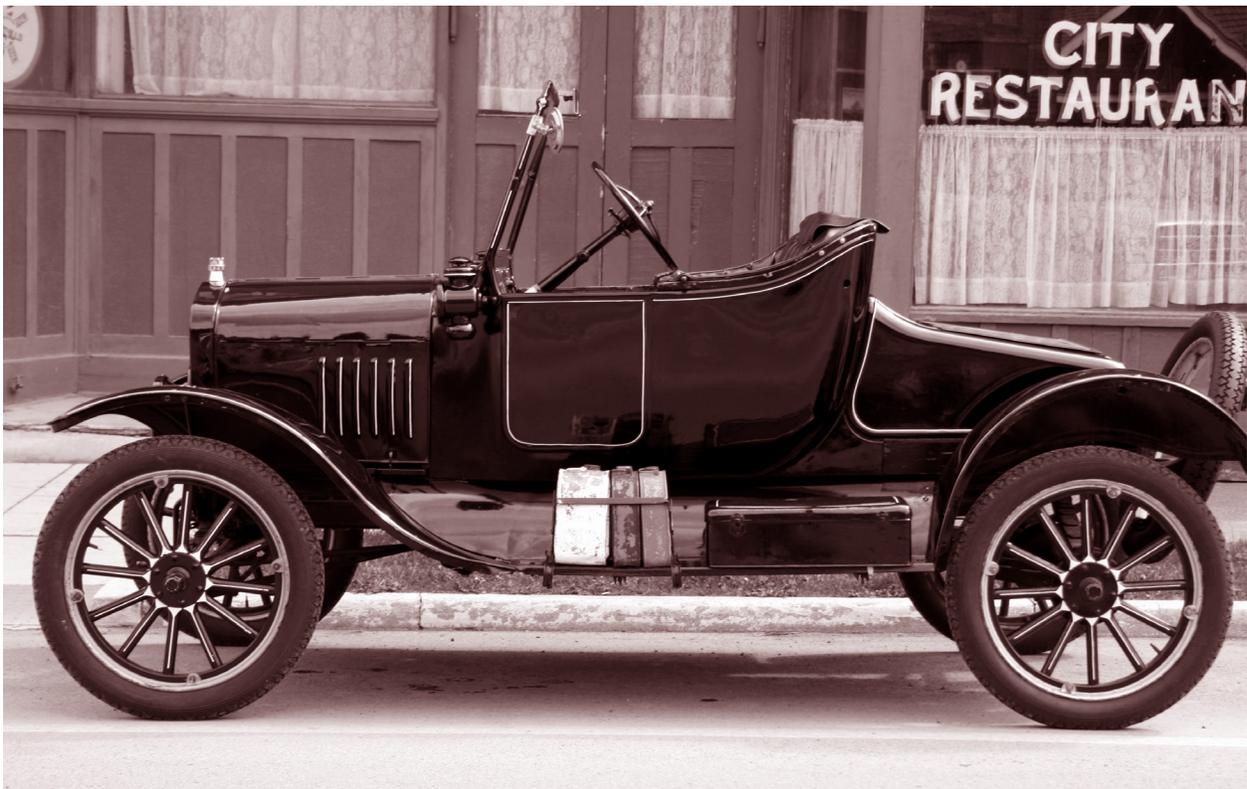
7 Duolingo offers 81 language programs covering 37 languages.



If It Can Be Digitalised,
It Will Be **Digitalised**

science, technology, engineering and math (STEM) tomorrow. A student in Botswana will have the same access to “the best education” as his/her counterpart in Boston. Education is but one example. If you want to better understand the customer (today and tomorrow), de-risk your strategy, take advantage of your computer’s ability to write its own code, revamp your approach to pure research, manipulate big numbers, take bias out of the interview, lease a smart robot to look after your aging parents, start dating again, and/or write a movie script ... AI is about to change your world. And we haven’t even mentioned the military, mobility, health care, farming, and urbanisation.

“When will all this happen?” Great ideas have a way of absolutely crushing time. The iPhone was released in 2008. Today, in the developed world, 90% of adults look at their smart phone, on average, every eight minutes. Airbnb and Uber totally dominate their sectors globally. A decade ago they didn’t even exist! Still think time is on your side? Henry Ford produced his first Model T in 1908. It cost \$825. The real breakthrough, the assembly line, soon followed (1913). A decade later Ford had sold 15,000,000 cars. By that time the price of a car had dropped to \$260. In 1927 he was producing a car every 27 seconds. It only took a decade-and-a-half for the horseless carriage to become the biggest industry on the planet. The robot won’t reinvent manufacturing tomorrow but it may not be as far away as you might think.





If this all sounds depressing, spare a thought for a young millennial joining the workforce today. Accept as a given that he/she will not be able to own a home before middle age. Put aside for a moment that by 2050, to feed 9.2 billion people we will have to produce twice as much food from the land currently under cultivation. And ignore that according to the UN, if no progress is made on global warming, coastal cities like New York and London will be three meters under water before the turn of the century. The one-child policy in China will leave 50 million testosterone-fueled men without a partner. Add the crisis regarding fresh water, the scourge of terrorism, the expansion of deserts around the world, the degradation of the oceans and the prospect of sweeping unemployment and today's 20-year-old faces a daunting future. The "boomers" legacy! And now you know why millennials are "different" and why tomorrow's organizations, to win their loyalty, are going to have to act differently. Very differently! By 2020, 48% of the workforce in the US and Canada will be millennials.

Four Types of Change

There are four kinds of change. (1) Transactional change – do what we have always done, better. (2) Transitional change – significant change but we have time to evolve. (3) Transformational change – significant change now. (4) Exponential change – increasingly impactful and unrelenting, continuous step change enacted in a compressed period of time. Transitional and even transformational change have, for a brief period of time at least, a potential end-state. Exponential change is like compound interest, each step is significantly greater than the one that went before.

For the last 50 years, a plethora of books, workshops and conferences have presented the bizarre notion that you can "manage change."⁸ You can get ahead of change (anticipate), you can ride the crest of change and you can, under some circumstances, be a catalyst for change – but you can't manage change. Success leaves its own fingerprint (or not). After half a century of "change management" less than a third of employees are fully engaged.

Any form of change that moves beyond improving "what is" implies working on the organization's culture. Here we have to face the harsh reality: the so-called, "modern organization" – perhaps the 20th century's greatest innovation – is ill-equipped to deal with the scope, complexity and speed of change we now face. Putting lipstick on a pig doesn't turn it into a princess. And good intentions and/or edict won't turn a hierarchical, bureaucratic, head and hand way of thinking into an innovative, entrepreneurial, first to market, breakthrough business. Think reinvention ... not rework.

In a world where agility, ideas, collaboration and global reach dictate who wins and who fails, tomorrow's organization will, of necessity, be fast, flat, flexible, focused and structured as a network of networks. Think of a team of teams ... not traditional top-down leadership. Think

8 For change read "disruption."



jazz ensemble ... not a marching band. Think work ... not employment. Think community ... not tribe. Think contribution ... not title. Think collaboration ... not cooperation. Think ideas ... not ideology. Think values ... not rules.

As for leadership, the market for talent will put a premium on software savvy, the capacity to leverage big numbers, speed of learning, comfort with ambiguity, personal resilience and the capacity to build community. The dilemma: top talent is going to be more difficult to find than ever. Think hiring with tomorrow's culture in mind ... not hierarchy. Think leading the charge ... not being in charge. Recognise that we will need super teams more than we need superstars.

Managing from the outside-in, leading from the inside-out

The harder the wind blows the more important it is that a successful business operate from a solid foundation. Mastery in technology is obviously a given ... as is the continued drive to get ahead of the innovation curve. How solid is the business platform you are operating from? Will your business stand firm or will the winds of change sweep you away? Think about the following questions;

Managing from the outside-in

- Does your team fully understand the ways in which continued disruption, the speed of change, ongoing globalisation and Meta changes in technology will change the way your customers do business? Think globally; don't fall into the trap of focusing on what's happening locally. Are you fully equipped to work with customers who are faced with the need to reinvent their business?
- Can you clearly describe where your business is heading? What specifically does success look like five years from now? If you can't imagine it, you won't create it.
- Your suppliers, business partners and customers know what you do and how you do it but do they know why you do it? In a great business the why is invariably more important than the what.
- Is the business environment changing faster than your capability as a business? If that is the case ... your future is dictated by what you have done in the past. What are you doing now that you were not doing two years ago? Doing what you have always done is the perfect way to enter a world of mediocrity.
- On your team, do you have the technical expertise, agility, leadership reach and delivery ethic to meet emerging customer expectations? When digital direction defines success, are you playing catch up or are you ahead of the game? Do you have the talent to compete with the **best** of the competition? What's the worst thing the competition can do? Do it first!



Leading from the inside-out

- The world is changing, the competition is changing, the customer is changing – in what ways are those on your team changing? How resilient are those on your team? How and in what ways do they invest in personal growth? Seminars, reading habits, access to an outstanding coach? Leaders are readers.
- The speed at which markets are changing means that strategy is, at best, a work in progress. The inevitable outcome? Culture has primacy. Long after your strategy has been shredded what will still have currency is your culture. Meanwhile, you can't manage what you can't measure. Do you measure (in easy to understand business terms) the culture you have ... and the culture you need to be successful tomorrow? From our own research – less than 20% of organizations manage their culture.
- Do those in leadership roles, in your part of the business, truly inspire?
- Are your core business competencies the basis of a world-class business? Do your core competencies introduce a conversation where the customer wants to partner with you more than you want to work with them?
- Are your organization's values clear? Do those on your team live those values? Evidence?
- Do you have a world-class team ... or a collection of talented individuals who meet regularly to solve problems? What will it take for that team to move to the next level?
- Is the difference between cooperation fully appreciated? What more needs to be done to build a more collaborative culture?
- At in-house meetings, do people bring candour to the table? What are you doing to build "psychological safety?"
- Is leadership succession in place? How and in what ways are you "testing" that successor? "Test" implies stretch, challenge and generally uncovering what he/she is truly capable of. Are you equipped to succeed into the role you currently hold, three years from now?
- Is coaching alive and well inside the business? If you can't coach, you can't lead! If you want to retain the services of the millennials in your business make coaching a way of life.
- Do you have an attraction and/or retention problem? Why do your best people stay? Do you think you know, or do you really know? What are you deliberately doing more of, working to stop doing and about to start doing ... to retain those you need the most? If you can't quickly and easily describe your retention agenda, you ain't doing much!



Conclusion

If you want to thrive as a leader, grow your business, or leave a legacy ... you have to first recognise that tomorrow will not be a continuation of today. Not remotely.

The facts: exponential shifts in technology will change the job landscape forever; continued disruption and uncertainty demand new thinking about organization design; and a new generation entering the workplace redefine past assumptions about what it means to be a leader.

Will your organization stand proudly amongst the winners? To even stay in the game you will almost certainly have to (1) be unwavering in meeting your commitments to the capital markets; (2) make organization culture the centerpiece of your approach to competitive advantage; (3) develop the capacity to create tomorrow, today; (4) fully engage those in the middle of the organization; (5) make your organization values come to life in everything you do; (6) consistently change (learn) faster than the competition; and (7) find ways to unlock the innovative talent both inside and outside (e.g., crowdsourcing) of the business.

No doubt your organization has faced significant challenges in the past. Take it as a given, those difficulties were merely the hors d'oeuvres. The main course is coming up. Moreover, if you are not working to reinvent yourself the market/competition will (painfully) do it for you.

It's all-too-easy to push concerns about the future to one side. In 1907 that's what a buggy-whip maker in Detroit did. "That damn fangled Ford machine ain't going to affect us much." A hundred years later, it's why a driver in New York spent a million dollars buying a taxi medallion (owning his own cab). "I now have security for life!" It's what Nokia did. "We've got a really great phone; let's move production to China in order that we can make it cheaper." It's what BlackBerry did. "Why would anyone want a camera in their phone?" It's what Kodak did. "Photography will always be about chemical processing." To make matters worse, Kodak actually invented digital photography. These businesses were run by really smart people. Unfortunately, if you drive the bus by constantly looking out the back window a crash is guaranteed.

In the meantime, "Do not confuse motion and progress. A rocking horse keeps moving but does not make any progress." Alfred A. Montapert.



John has worked in over 40 countries as an executive and as a consultant, for businesses that are household names. He has worked on organization culture for some of the world's largest corporations.

He holds a doctorate in management development and has, since 2000, published ten best-selling books on leadership, talent management and organization culture. Three recent books form the talent trilogy: *Talent* (2014), *Team* (2015), and *The Empty Suit* (2016). *The A-Z Of Organization Culture* came out in 2017. John lives in Toronto. He is the leadership advisor to the Bedford Group and enjoys a long-established partnership with TRANSEARCH International.

A range of John's books and "one-chapter" offerings can be found on Amazon.com, eBooks, Barnes and Noble, and Kobo. Access online bookstore site using author's name – John O. Burdett



Not to be reproduced or copied in any form without the express permission of the author.