

BUSINESS COMMUNITY INSIGHTS MANAGING

Instant Enterprises and Technomic Leadership: Is your Organization Ready?

By **Tony O'Driscoll** | August 11, 2017, 7:21 PM | *Technomy Exclusive*



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We need is a new kind of “technomic” leadership. The lifespan of the average company today is shorter than that of the average employee. Technology is driving swift and sweeping global shifts in social, economic and political systems at a rate and scale that is quickly outstripping humanity’s ability to keep up. In an astonishing and bracing finding, **KPMG found** that two-thirds of U.S. CEOs believe the next 36 months will be more critical to their industries than the previous 50 years.

Businesses are drowning in data but devoid of direction. The global business ecosystem is Volatile, Uncertain, Complex and Ambiguous, and this

powerful VUCA vortex is destroying many firms in its path. More than half the companies on the Fortune 500 have been wiped out since 2000. Those that remain are literally fighting for their lives in an era of digital Darwinism, when markets shift in the blink of an eye, disruptive technologies wipe out age-old industries at unprecedented rates and previously successful market offerings become obsolete overnight.

As the digital connectivity of people and things grows exponentially, anxiety about survival is compounding rapidly within organizations. **Accenture reports** that more than 86 percent of executives think the pace of change will increase significantly over the next three years. **Research** from IMD and Cisco indicates that leaders believe four of the top 10 companies in their own industries will soon be displaced. Organizations are disappearing quickly because they can’t adapt to the increasing complexity and unpredictable evolution of global business.

Incumbents in established industries are increasingly vulnerable. Most of today’s organizations came into being during much more stable and predictable economic times, when markets were less saturated and customer needs more predictable. Today, these organizations suffer from a severe case of responsiveness lag. Their internal structures, operating procedures and time signatures are increasingly out of sync with the external pace and scale of change.

To survive digital Darwinism, organizations must evolve into ‘instant enterprises’ that maintain a perpetual state of readiness to respond to the unexpected. These instant enterprises avoid extinction by operating as organisms within an ecosystem. They anticipate marketplace needs and respond, by rapidly

convening the ever-shifting constellation of people, systems, processes and technologies required to fulfill them.

Creating an instant enterprise will require a very different form of leadership from what we are used to. Leaders must emerge to bridge the growing gulf between an untenable present and an uncertain future. The need for technomic leadership to handle a volatile, uncertain, complex and ambiguous world is acute. And the primary leadership challenge for organizations today lies in cultivating the capacity for “instancy.”

Inside an instant enterprise, value is created not by heroic individual visionaries but rather by empowered communities—groups of people who lead collectively. So the new breed of leaders need to learn to sense impending shifts in their evolving business ecosystem and then work with others to quickly adapt. As leadership continues to connect and collaborate, work and learning inside the organization become intertwined. That way the organization evolves an intuitive ability to ride waves of disruption rather than become crushed.

We are moving from a predictable, “Find-It-Out” world to an unpredictable “Figure-It-Out” one. No-one ever is ever going to be fully informed about the context or challenges of a modern business, so leaders must have the humility to always be connecting and collaborating to learn how things are changing. We must conceive of leadership as a central nervous system that activates the organizational organism within an economic ecosystem.

We need not only leadership, but leadership systems. We can no longer just focus in individual leadership competency building. Technomic leadership systems catalyze disparate and diverse sets of people, systems, processes and technologies in real time. More training alone will be insufficient to build technomic leadership systems. They will instead require a more design-based approach that focuses on the leadership system in its totality, to design and inspire new routines, practices, actions and interactions that enable companies to be more robust, resilient and agile.

Organizations worldwide spend more than \$50 billion a year on leadership training. Yet only 15 percent of them believe they have a strong leadership bench and 90 percent of them see this as a strategic challenge. Two thirds of organizations today believe that current leadership development programs provide only “some” or “little-to-no” value. But unfortunately, traditional leadership development practices that focus on building individual competence can only contribute minimally to building technomic leadership systems.

Leadership development needs a complete reboot. The industry must focus on improving responsive, resilient and agile leadership systems, not simply building the competencies of individual leaders. Organizations that focus on the systemic nature of leadership attain 37 percent higher revenue per employee, 9 percent higher gross profit margin, and are five times more likely to be effective at anticipating and responding to change, **reports Deloitte.**

The first step towards leadership development 2.0 is reframing the challenge from just developing individual competencies.. Do you have a technomic leadership system that’s ready for what’s next?

At Techonomy 2017, November 5-7 in Half Moon Bay, California, the author will lead a breakfast forum on what cutting-edge organizations are doing to develop techonomic leadership systems.

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Tags: corporate training, Digital Darwinism, Duke Executive Education, leadership, management training