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Manager for download: Expectations versus reality

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Digitisation will leave a strong mark on the working world of today, including leadership styles, structures, and cultures. Still, however, many companies and job-seeking managers stick to the old ways of thinking. But what kind of leadership does digitisation require in the first place? And how can companies prepare for the imminent changes?

Digitisation not only leads to change. The debate about digitisation itself is constantly changing, too. Initially discussed as a mere technological development, digitisation is now increasingly being observed for its interaction with staff, company structures and cultures, and society as a whole.

Studies such as "Culture First!" by Capgemini Consulting or the 2018 survey "Digitalisierung für alle. Wie wir eine Kultur der digitalen Transformation schaffen" ("Digitization for Everyone: How To Create A Culture of Digital Transformation") by Microsoft Germany indicate the broadening of

perspectives even in the title. It seems that the prerequisites for successful digital transformation are first and foremost created in the minds of the management.

But it does not look as if that information has actually even reached the upper echelons, let alone been implemented: according to the Microsoft study, only one in five of the surveyed employees perceives any overarching digitisation strategy and cultural change in their company. And in the 2017 study "Erfolg im Wandel" ("Success in Change") by Staufen AG, 51 % of the surveyed companies stated that they were having difficulties "to establish forms of leadership in the company which are conducive to change."

And yet the potential implications of digitisation on forms of employment and leadership as well as society as a whole do not exactly come as a surprise: after all, any technological advance — from the invention of the steam engine to Ford's assembly line and ubiquitous computing — has brought about comprehensive, profound changes that went far beyond the value chain. It seems therefore all the more absurd for companies to be so reluctant to adjust to the current developments beyond technological issues.

What role does the management placement service play?

The executive placement counsellors at the International and Specialized Services (Zentrale Auslands- und Fachvermittlung – ZAV) experience this contradiction in their daily routine, too. Founded in 1957 in Frankfurt am Main under the name "Economic Managers Bureau" (Büro Führungskräfte der Wirtschaft – BFW), the ZAV Executive Placement Services of the Federal Employment Agency not only helps companies fill vacant positions at the upper and topmost executive levels, but also counsels and places job-seeking managers.

To this end, the counsellors visit the client companies, review the existing leadership structures, and develop a market approach based on what they find, tailored to the company and its needs. Similarly, they counsel job-seeking managers on the (re-)design of their application papers and the appropriate seeking strategy.

This essay is based on the observations and experience resulting from this kind of work. The empirical findings are supplemented or corroborated by the results of third-party studies; however, only a fraction of existing secondary literature can be used as reference here.

Based on these collected findings, we can start by stating the following: On the one hand, digitisation is declared to be a matter for the boss. On the other hand, it has very little impact on the filling of vacant managerial positions. The insistence on established structures and familiar

requirement profiles is diametrically opposed to the requirements of digitisation. It is therefore necessary to find a new understanding of leadership which is aligned with the requirements of digitisation. Two questions are at the centre of the following essay: Which leadership qualities and skills does digital transformation require? And what is the reality of application and recruiting?

What do managers need to have?

Which leadership qualities and skills are even relevant for digitisation in the first place? While technical feasibility was at the centre of the issue when the debate about digitisation first started, that question has by now become all but obsolete due to the concrete offer of digital services and products in almost all industries. So already today, the issue of technology is no longer the main obstacle that keeps us from implementing the improvements made possible by digitisation.

It is mainly psychological and social soft skills which are becoming more and more important. They include in particular:

- Identification and building of trust: When employees are becoming estranged from their product, their service, and thus also from their employer, because as a consequence of digitisation they are less and less required to take matters "into their own hands" and all client contact is mainly happening online, it is up to the managers to absorb the identification vacuum. When there is a danger of the staff feeling like a mere sidekick of a technology that seems to enjoy more trust than they do, managers must build new trust.

- Mental preparation and inclusion of staff: Companies must have a more open communication culture, preparing their employees in due time for upcoming (and ever more frequent) changes and their consequences.

- Intercultural competence: International business relations and an international workforce will continue to gain importance. This calls for social competence and the professionalisation of a culture of integration and inclusion.

- Ability and willingness to learn: The ever-shorter innovation cycles will lead to a growing demand for new skills and competences. Managers are affected in two ways by that: not only are they required to constantly stay up to date and on top of things, they must also instil this basic principle in their employees.

- Anticipation ability: The joint 2015 study "Strategie 2030 – Digitalökonomie" ("Strategy 2030— The Digital Economy") by the Hamburgische WeltWirtschaftsInstitut and Berenberg states: "Today, it is not just the multitude of innovations that astounds but also the speed with which business and society are being turned inside out. The fast pace of change can largely be explained by the fact that markets are being created in the digital economy that operate in line with the 'winner takes it all' principle." This means: Companies must be quick to gain a certain market position or they will lose, or even disappear altogether. Not merely reacting but acting with foresight will be essential for the growth and survival of many companies.

- Readiness to take risks and risk assessment: This is closely related to the above point. More and quicker decisions also mean more mistakes. German perfectionism frequently gets in the way of that. When insolvency becomes "more normal", it must not be considered a personal failure. On the other hand, not everything that is possible through technology makes sense from a market economy perspective.

- Holistic thinking and complexity manageent: Because all areas involved in the production and value creation processes are interconnected, managers in times of digitisation must be able to think and communicate on an interdisciplinary level. An attitude of "silo mentality", i.e., restricting one's attention solely to one's own department, will invariably lead to a dead end.

- Foster creativity: Numerous analyses assume that digitisable companies need flatter, more flexible hierarchies. The main job of the management is to open up creative spaces for the staff to work on the best solutions, products, and services.

All these management skills are by no means revolutionary; they are universal characteristics of successful leaders. However, digitisation has changed the frequency of changes and decisions to be made. That does not mean that there is a need for a completely new type of manager. However, as globalisation has already shown, universal leadership skills must be more about flexibility, an affinity for innovation, company-internal interconnection, and identity formation, and pursue those goals in a more intense, consistent, and sustainable manner than before.

What are companies looking for?

Job descriptions for vacant managerial positions, however, are often riddled with old and familiar terms: "commitment", "assertiveness" and "result orientation" are at the top of the list of personality requirements.

Other popular choices as "communication skills", "ability to work in a team" and "willingness to coordinate across departments/divisions" at least indicate some sort of affinity for digitisation. However, they seem to be a job profile staple rather than potential employers expecting corroboration in the form of verifiable information.

On the contrary, the priority list is mainly dominated by formal requirements: "completed university education (in the relevant field of study) or comparable vocational education" as well as "several years of relevant experience in a comparable executive position" are highest on the wish lists. It is conspicuous how employers cling to the requirements of university degrees or other higher education. Hardly any employer focuses on professional success instead. For public employers, this formal aspect even continues to be the top deciding factor.

Note also how they insist on "relevant", i.e., industry-relevant, leadership experience. The digitisation-relevant skills listed at the beginning, however, are all personality-related and independent of industry or position. It is therefore not necessary to focus on one's own industry; it may even turn out to be counter-productive.

But companies are reluctant to recruit applicants from outside the respective industry, particularly when it comes to hiring managers. What's more: Vacant executive positions continue to be mainly filled via internal recruitment, even though an external perspective and a wind of change would do many companies a world of good, what with increasing global interconnection.

What is the stance of job-seeking managers on digitisation?

Job-seeking managers still tend to focus on listing their previous job titles and the basic tasks that came with these. Even seasoned managers are apparently having trouble pointing out acquired individual competences, let alone the aforementioned "digitisation-relevant" leadership competence.

Another problem is that many managers — even experienced HR managers — are relatively inexperienced when it comes to writing their own application.

When asked during counselling sessions whether they consider their personal qualifications to match up to the requirements of digital transformation, many job-seeking managers answer clearly in the affirmative. They then act surprised when it is pointed out to them that their application does not reflect that. They often feel that any discussion of the topic is theoretical and abstract.

But what it is really about is not a meaningless list of buzzwords but a description of professional expertise and achievements, tailored to the needs of the potential employer. This will help the company form a memorable picture which may have a positive impact on the selection process.

Applicants and companies have not, or only partly, taken the topics of digitisation, Industry 4.0, or even Work 4.0 into consideration in their recruiting and seeking processes. These observations strongly depend on the respective industries, however. Successors of the "dot.com generation" are in a much better position here, both as companies and as applicants.

By contrast, the contradiction between the challenges, on the one hand, and the strategic and operative reality, on the other hand, is especially strong in the "old economy". But this economic sector in particular is extremely strongly affected by digital transformation and the associated necessary changes to business models and processes.

Managers remain analogue entities

Digitisation does not change everything, but it does a lot of things differently. The biggest challenge is not the changes as such. It is the fact that changes will come about faster and faster due to shorter product life cycles or the further development of existing products — no matter the reason, be it actual technological innovation or marketing aspects — as the half-life of decisions made will decrease.

Shalaka Kadam and Dinesh Apte state in their 2015 survey on short life cycle time series forecasting that the life cycle of products is becoming shorter and shorter due to increased competition, shorter product development time, and increased product diversity. The authors map the short product life cycles to the retail industry, entertainment media, telecommunications, and the semiconductor industry.

This poses new challenges for companies and their managers. As a general rule, it is difficult for people to revise or change a decision once it has been made, even more so if it is a collective decision which has only been reached after a long period of consensus talks.

That phenomenon can also be observed in political institutions, public administration, and — not least — companies, as Joerg Bartussek and Oliver Weyergraf point out in their 2015 book "Mad Business". This is aggravated by the phenomenon that managers in particular may perceive changing or withdrawing their decisions as admitting a mistake or weakness.

Decision-making speed exceeds human adaptability

The decision-making speed dictated by digital transformation is in stark contrast to that. Human adaptability is not made for such high-speed changes. Instead, humans can do things that digital systems cannot: inspire motivation, form identity, find creative solutions, and come up with new ideas. Therefore, these characteristics matter more in digitisable managers than technical know-how in order to create a complementary collaborative productivity between humans and technology — in the best sense of the word.

The higher speed of change does not only affect the individual/psychological level but also the corporate level. The US management consulting firm Innosight concluded in a current study that the average lifetime of an S&P500 company, 24 years as of 2016, will be halved by 2027.

Companies shrink, they disappear, or they merge into others: all probably at increasing speed. Job security becomes rarer, also for managers. It is therefore all the more important to be capable of lifelong learning and cross-industry job-seeking, both for one's individual career and for the

survivability of companies. After all, it is the managers' duty to maintain and promote the ability and the willingness to learn in their employees, and what better way is there than to be a shining example of it?

Conclusion

The fact that companies seeking managers place great importance on university degrees and industry affiliation and that leading positions are mainly filled by means of internal recruiting impedes the necessary evolution of the companies in times of digital transformation. But this ability is set to become more of a survival factor than ever.

The greatest challenge in digital transformation is that there is no master plan. Every company must define their own necessary change processes based on their business model, degree of internationalisation, innovation potential, and company culture, and then drive these processes forward and fill them with life in close cooperation with their workforce. Kicking off and coordinating this process is the original managerial task.

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Zitationshinweis

Lizenzhinweis