



# INNOVATION & DIGITAL TRANSFORMATION



## 7 Leadership Skills for the (Un)foreseeable Future

AN UPDATE ON 6 THE IDX LEADERSHIP SKILLS FROM PRAGUE  
AND A PEEK AT 1 NEW SKILL FOR 2019

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## WELCOME TO THE FUTURE

Happy New Year. As we head into 2019, we continue our Innovation and Digital Transformation (IDX) practice tradition of summarizing what we've learned about the skills required to lead Innovation and Digital Transformation, updating our favorite "ahahs" from 2018, and highlighting what to look for next year.

### Certain to be uncertain

2018 was full of surprises. Political, economic, and technological factors contributed to eye-popping disruptions and spikes in uncertainty. **Trade tensions** between the US and China raised anxiety in many sectors. **The growth slowdown** which started in China has begun to spread, arousing fears about **recession risk**. UK politics have left all **Brexit** options—an orderly Brexit, a disorderly Brexit, or no Brexit at all—still on the table. President Macron's weak approval ratings, the possibility of snap elections across the Europe, and Angela Merkel's decision to step down in 2021 suggest that **political risk in Europe** will continue into the new year. **Late-cycle profit headwinds**, such as higher raw materials costs, increased freight and logistics expenses, and accelerating wage inflation are expected to pressure corporate margins, exposing winners and losers at the sector and firm levels. These and other factors contributed to whip-saw action for equities in Q4. Indeed, **2018 is ending on a sour note for some** of our clients who will post negative stock returns for the year. 2018 was full of surprises—2019 will likely bring more.

### Now what? Six new leadership skills emerged, and a seventh might be emerging.

In Q1 of 2018 we introduced six emergent leadership skills required for Innovation and Digital Transformation. This year we saw these evolve from "emergent" to "fully emerged." We call these "*Leadership skills for the (un)foreseeable future*," as both a memorable play on words, and as a description of their practical use—skills leaders need to succeed in environments where unforeseeable opportunities and threats occur with great frequency. We taught these skills to leaders at 82 firms in 2018; now some clients include them as foundational leadership expectations. We updated the skills and describe them in detail below. We also share a seventh skill, which has the potential to emerge fully in 2019-2020.

As always, best wishes for an exciting, fulfilling new year.

Cheers,

*The Global Innovation and Digital Transformation (IDX) team*

## Six Leadership Skills for the Unforeseeable Future. Plus, a prediction for 2019



### Details

Leaders continue to face a barrage of unfamiliar situations that arrive at a pace greater than at any other time in recent history. This environment presents both threats and opportunities: the **threats** are potential disruptions to a firm's business model while the **opportunities** are chances to catalyze innovation and lay the foundations for growth. The problem is that leaders often fail to notice *either* because of **present-day biases and practices** that prevent them from seeing beyond their current frame of reference.

Now what? In 2018 we observed, tested, and taught six emergent skills that leaders use to compete and win in the current environment. These are skills that we believe leaders will need moving into 2019 and beyond, and so we share them with you here. A seventh skill, *Neuroscience 'in here,'* is included as a possible need that may emerge fully in 2019-2020.

Here is the complete list.

- 1) **Future Back Planning.** What's this? Most leaders have been trained to plan for the future by focusing on the present first, and then forecasting out gradually into the future. The trouble is that there is often so much "noise" in the present—conflicting data, unexpected events, "trendy" ideas that don't manifest, etc.—that it is hard to gain clarity about what is actually happening and where things are actually going. Creating clarity in this environment requires tools and approaches leaders can use to look past the noise and see mid to far-future states clearly, leveraging that clarity to make better decisions in the present.

Examples of BTS programs that teach these approaches: *Future Storming, The Disrupt Experience, The Risk Storming Retreat, Insight Fusion.*

- 2) **Divergent Thinking, Applied Creativity.** What's this? Many leaders downplay ideas that clash with their beliefs or the prevailing views about "what works." Or leaders discard ideas entirely because they sound too fantastical to ever be practically used. *Divergent Thinking* and *Applied Creativity* is a set of processes and approaches that leaders can use to frame and re-frame questions, explore multiple *possible* answers to those questions, and recognize and then suspend judgement long enough to thoroughly explore fresh ideas as they emerge.

Examples of IDX programs that teach these approaches: *The Innovation Leadership Lab*, *The Disrupt Experience*, *the Risk Storming Retreat*.

- 3) **User Centered Design, Customer Centricity.** What's this? Customers' typically expect the same level of delivery as the last amazing experience they had, and in today's environment, it takes more than traditional market research to deliver something amazing. With technology evolving so quickly, simply asking customers what they want does not work, in part because human beings often do not realize they have a need until a solution comes along and reveals it. Firms now need the mindset, skillset, and tools of *User Centered Design* and *Design Thinking*—techniques that push beyond talking and listening to customers by digging deep into who they are and what they want. These techniques often involve observing user behavior, exploring user frustrations and the compromises that they make.

Examples of IDX programs that teach these skills: *The Customer Centricity Bootcamp*, *the Design Thinking Retreat*, *The Advanced Global Innovation Leadership Experience (A.G.I.L.E)*

- 4) **Leveraging Diversity and "Distance from Field."** What's this? A growing body of research has shown that diverse groups are more productive than homogenous groups of "experts" alone at a number of complex tasks. Various referred to as "*Idea Flow*," "*Social Physics*," or "*Distance from Field*," this phenomenon is a function of the diversity that occurs naturally in any large group of people, and the fact that the knowledge required to solve complex problems often exists in domains that are "a distance" removed from that of the problem itself. This has implications for how firms should both allocate human capital, and how firms should permit human capital to allocate itself.

Examples of IDX programs that teach this skill: *The Innovation Leadership Lab*, *Design Thinking Bootcamp*, *the Strategic Agility and Innovation Leadership Simulation (S.A.I.L)*.

- 5) **Speed and Experimentation.** What's this? When faced with conditions of high uncertainty, traditional business acumen tools guide leaders to plan, wait, and *become certain* of an outcome before committing resources and money towards that outcome. Today, it is often the case that there is a higher cost to planning and waiting than there is to experimenting and learning. *Speed and Experimentation* is a set of principles, processes and tools that leaders can use to test ideas fast and cheap while guard-railing their downside, while also helping leaders and their teams to say, *I don't know*, and move forward.

Examples of BTS programs that teach these skills: *The Innovation Leadership Lab*, *Design Thinking Bootcamp*, *the S.A.I.L. simulation*, *The Opportunity Engineering Simulation*.

- 6) **Digital Literacy.** Because digital technology is intertwined in everything we do and will be increasingly so in the future, digital literacy has become the new *lingua franca* that all business people must understand. To be a digitally literate executive doesn't mean you need to be able to code. To be a digitally literate executive means that you understand the implications of digital technologies for your current and future business at any moment in time. It means that you are able to ask and answer, "*How might technology disrupt our*

competitive position?” and equally, “How might technology improve our performance and delight our users?”

Examples of BTS solutions that teach this skill: *The Digital Transformation Simulation Experience*, *the SAIL Program*, *The Sector Disrupt Experiences for Professional Services*, *The Disrupt Experience*.

- 7) **What to watch in 2019: Neuroscience “In Here” (Aka: Applied Mindfulness).** For many years, the tools of Neuroscience and Mindfulness have been “out there”—loosely defined, new-agey descriptions of content concerned with the mind and mental health. In 2019-2020 we expect to see these ideas give birth to a body of increasingly practical tools for better decision-making that will emerge from a mechanistic, biologically oriented understanding of the brain. It’s still early, but we anticipate growing interest from clients in this space.

IDX solutions that currently teach this: *The Neuroscience of Influence, Agility, and Resistance to Change*, *BTS Coach Modules*.

The rate at which the world is changing will only increase as time and technology push us forward. Preparing for this state of constant change by enabling leaders to be successful requires providing them with the critical skills they need to embrace the (un)foreseeable future.