

500 WORDS ON LEADERS AND DIGITALIZATION

Digital-untangle-ization

WELCOME TO DIGITALIZATION, THE DIGITAL
TRANSFORMATION THAT REACHES OUT POWERFULLY TO
OUR BUSINESSES AND PRIVATE SHORES.

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“Digitalization is in everyone’s mind. Well, actually, it is not—but it should be.
Digitalization, however, is very fuzzy. What actually is digitalization?”

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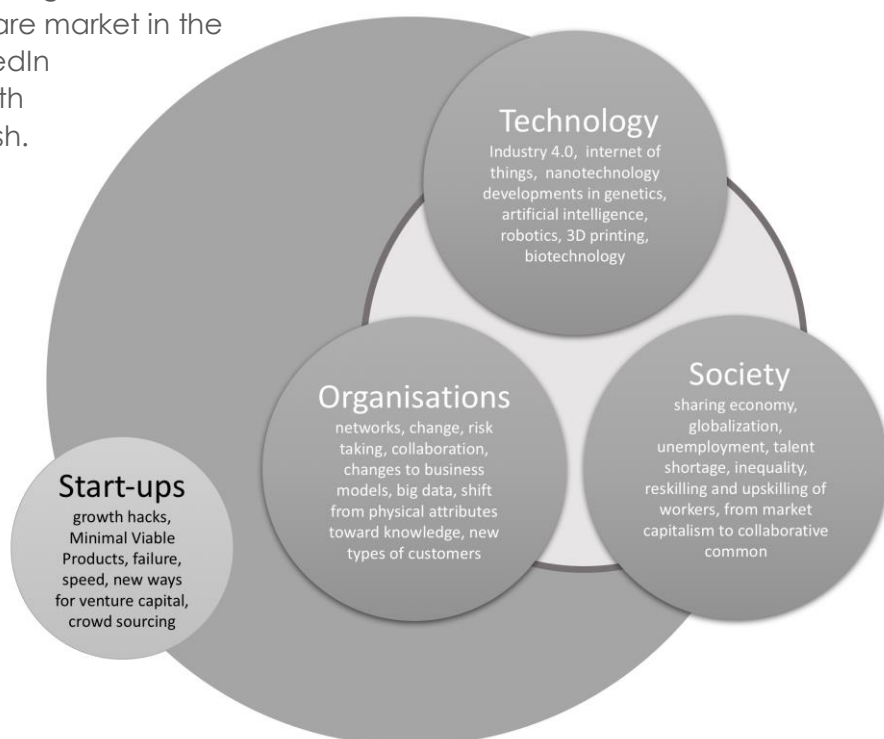
Digitalization is in everyone's mind. Digitalization is changing our society—the way we work, communicate and live. Digitalization, however, is very fuzzy. What actually is digitalization? Personally, I am more and more put off by fancy and random digitalization stories such as Amazon's predictive data management, Silicon Valley's Tesla, PayPal, Airbnb or Spotify's glorified start-up stories, bus tours through Berlin's Prenzlauer Berg to catch a glimpse of digitalization, or stories of unconditional basic income and tens of thousands of jobs being axed by digitalization alone in the UK government.

It's time to untangle digitalization and to decipher what the impact is on organizations and leaders in order to prepare for new, exciting and challenging times.

Let's start with technology. 20 years back I studied Mechanical Engineering and learned about TQM and Industry 2.0's mass-production. Today these topics are a given. Also about 20 years ago the internet started to be used commercially and only 5 years back Industry 4.0 started with the use of [cyber-physical systems](#), the Internet of things and cloud computing. Microsoft started to conquer the software market in the 1990s, and today it buys LinkedIn to do something half-sane with its loads of supplemental cash.

Today, and increasingly in the future, technology generates great upheaval. We see 3D printers creating aircraft; Amazon knows earlier than you what you will buy tomorrow; artificial intelligence in apps guides you home safely through rush hour traffic; and we might ask, who makes better decisions—IBM's Watson or you?

So, let's start to untangle digitalization with technology that we put in prime position in our story. Look at the chart below. In this story, technology is the beginning of digitalization. Technology that is constantly more developed, better, faster, more sophisticated, and—most importantly—growing cheaper than ever. Consequently, the change in technology has a huge impact on society. The Guardian asked anxiously in May 2016: Where should we work in the future? We see that generations grow up to use technology in different ways. Coding JAVA is today learned playfully in Kindergarten. In consequence, we might face talent shortages, mass unemployment and growing inequality, while reskilling and upskilling of today's workers will be critical.



Technology, additionally, has an impact on organizations. Organizations are transforming, with the help of technology, from the industrial age into the digital. We can observe the consequences: hierarchical organizational structures are transforming into networks and collaborative structures. Entire industries have to adjust: some jobs will be threatened by redundancy and others will grow rapidly; existing jobs are also going through a change in the skills sets required to do them.

This picture becomes more interesting, since all relationships are reciprocal. Society is changing organizations and organizations are changing society. Interestingly, start-ups use the best strategy already. Start-ups don't follow industrial age logic or conventions: they choose the workforce they like or even the form of employment they favour. They use technology or shape it in the way they want.

Tomorrow's leaders have to understand their role in digitalization and how it is shaping society. They must understand technology, not merely as an enabler but also for its revolutionary force; and leaders must foster a culture able to change and invent the new, with the essential understanding that risk-taking becomes the norm.

CLP is helping leaders and organizations transform into the digital age. We are aware that this is a big job and we are proud of our early achievements and success.

We at CLP are driving DIGITALIZATION.

This 500 words article is part of a series of publications focusing on digitalization and its impact on organizations, especially leaders.

CLP offers the following services to help organizations and leaders to transform into the digital age.

1. Digitalization Consortium
2. Digitalization Executive Dialogue
3. Leadership Development on Digitalization

Want to know more? [Write to us.](#)

Yours,

Dr Marcus Gottschalk and CLP Team

Key words:

digitalization, digital transformation, leadership, digital, leadership development, digital age, technology, society