



DIGITAL LEADER AND DIGITAL LEADERSHIP FOR DIGITAL TRANSFORMATION



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Abstract

Critical importance of contributions of a leader for attaining success in any teamwork at any walk of life need not be emphasised. Qualities, traits, nuances, features, styles. etc. of a leader and leadership also impact performance of any group. Digital transformation, being a teamwork, is no exception to these. Earlier a leader and team members had to depend on own capabilities, power of mind, creative thinking and cerebral judgement

for data analyses, interpretations, inferences, and crafting strategies. In contemporary digital era technologies help in these. Duties and responsibilities of a business leader are also evolving with evolution of digital technologies. Effective change management has by itself become a changing phenomenon and a critical success factor. Right to make mistakes and abiding by digital ethics have assumed primacy for meeting success with innovation. This article deals with all these newer dimensions of digital leadership and the tasks and deliverables of a distinctly identified digital leader.

Introduction

Historians and social scientists have conclusively established that, at every walk of life every group of human being required a leader right from planning and organising to reaching milestones of success. Whether the leader evolved from amongst group members, or declared herself or himself to be the leader and then people rallied around is not a matter to be argued upon. The debate could be whether without the leader the group could have achieved the goal(s). From around early 1990s one new dimension got added as a factor

Image Source: <https://www.linkedin.com/pulse/leadership-digital-transformation-ernesto-boydon>

to assess success of a leader. And that is sustainable growth and prosperity because future is unfolding with newer and more risky dimensions of VUCA. Two more dimensions, viz., 'Fear of Unknown' and 'Unprecedentedness' have been added after prolonged dreadful global experience of Covid19 Pandemic to make it VUCAFU.

The word Leadership, albeit being essential at every walk of life, is frequently used in both letter and spirit for corporate organisations and political parties. When it comes to matters of army and sports the word changes to commander and captain. While basics and core fundamentals of leadership remains almost the same irrespective of any field and operation, specificities are also there befitting exact functions and deliverables of the team working under guidance, directions, command, and control of the leader. However, since the onset of computing technology human qualities and abilities of leadership started being aided and powered by data, information and inferences drawn from analyses thereof. This has facility has changed the nature demands from and quantum of deliverables by leaders.

Objective

Tons of papers have been inked and zillions of bites have been burnt in cyberspace with narratives on theories, nuances, features, styles. etc. of leadership and qualities, traits, dos. and don'ts of good leaders as well as best leadership practices. Therefore, this paper will not include any of those. Instead, it will deal with the new phenomenon called 'Digital Leadership (DL)'. Understanding this new phrase has assumed critical importance mainly because of one major reason. Earlier a leader had to depend exclusively on her/his own capabilities, self-drawn analyses, interpretations, inferences, and strategies relying on her/his own power of mind and judgement. Whatever support were there from team members and advisors, were also dependent on their own power of mind.

However, a major part of such data analyses, interpretation, articulation of inferences, etc., have now been taken over by digital tools like AI, ML and DL. Even unstructured data information contained in hard documents are also being analysed by digital tools. All these and many other routine mundane tasks have been taken away by computer. Therefore, jobs of leaders are more and more moving into the domain of cerebral thinking, reflecting, innovating, choosing the right technology for the right purpose, etc. Leaders also have to face challenges of change management, ring fencing of talent, redeployment and scalability.

Time is, therefore, here, and now for existing and future leaders of business houses, startups, government agencies and NGOs as well as young entrepreneurs to understand critical importance of 'Digital Leadership'. Their future

success will largely depend on the right applications of the right digital technology(ies) for the right purpose, at the right time at the right cost for the right rate of return. This paper will deal with all these dimensions of leadership in contemporary digital era.

IT to ICT and Web1 to Web3 – Evolution of Digital Leadership

The world witnessed onset of computing technologies from around early 1970s. Till about mid of the first decade of 2000 business houses were engaged with computerisation and automation powered by ERP systems and industrial mechatronics for robotisation. Advent of wireless communication technologies enabled mobility with handheld computing devices. This purposefully melted into one Information and Communication Technology (ICT).

The prime focal point for business leaders during those three decades were on process development and IT enablement, industrial automation with mechatronics, risk minimisation and performance optimisation. ICT gave birth to Web1 in early 1990s with www, and the world witnessed 'Information Economy'. But CEOs and CXOs continued to be to be reckoned as leaders for leadership in letters and spirit. Despite all these, during that prolonged period of the third industrial revolution 'IT Leadership' or 'ICT Leadership' as a phrase could not be heard or was not a talking point in business corridors. Business leaders and corporate leadership continued to be discussed.

Innovative applications of ICT tools and delivery through cyberspace ushered in 'Platform Economy' through the second-generation www or Web2 during mid years of the first decade of present century. Examples of which are proliferation of virtual marketplace, interactive social media, digital advertising, delivery of education and healthcare, etc. And the present third decade is for Web3 or 'Ownership Economy' with DeFi, DeSci, Metaverse, etc. These are being made a reality with advanced and cerebral applications and integrations of multiple digital technologies, viz., IoTs, AI, ML & DL, AR & VR, Drones, etc. with Blockchain providing the main platform. As stated earlier Digital Transformation (DT) is now the primary focal point of all business activities riding on the Web3 and blockchain platforms powered by smart contracts. Readers can read more about all these from the 38th article² published under this Column in October 2022.

When the need for minimising any chance of failure of any group efforts comes, rightful leadership emerges as the crying need to orchestrate efforts, provide directional guidance and driving power to move ahead with success. Thus, the new phrase that has emerged now is 'DIGITAL LEADERSHP' which is the subject matter of this article. The present era of Industry 4.0 is the period for attaining competitive advantages with applications of digital

technologies and DT of operations for generating new business models and revenue models for enhancing ROI. The new buzzword is ‘Digital Assets’ and newly defined business objectives is digital transformation for more operational excellence, customers’ delight, scalability, information safety and security, minimisation of value destruction etc. Yet at the same time no room is left for time and slow space.

What and Who of Digital Leader and Leadership

The phrase ‘Digital Leadership (DLs) can be defined and appreciated from several perspectives and the difference between Digital Leader (DLr) and DLs needs to be redrawn and appreciated. A DLs’ important responsibility is successful utilisation of all digital assets of the company for achieving corporate goals which is an absolute new phenomenon. Gartner Glossary¹ has defined ‘Digital Assets’ as “... anything that is stored digitally and is uniquely identifiable that organizations can use to realize value. Examples of digital assets include documents, audio, videos, logos, slide presentations, spreadsheets, and websites”. A DLr must have to play a critical role to ensure maximisation of corporate goals by optimum utilisation of such digital assets. Her/his primary duties and responsibilities are, therefore, to:

- ⊙ Define digital mission and strategies aligned with the overall organisational mission and strategies,
- ⊙ Set both long and short term goals in both tangible and intangible terms to be achieved through digital transformation,
- ⊙ Form both core and extended teams with requisite talent skills and application-oriented trainings,
- ⊙ Provide directional and tactical guidance to team members across the board,
- ⊙ Establish an enabling environment for digital innovation, creativity and set in motion all team members’ initiatives, efforts and actions to achieve the said objectives, and
- ⊙ Be the catalyst for DT and effectively conduct change management in compliance with all related statutory provisions to ensure ideal digital governance.

Towards discharging these responsibilities another important task of a DLr is to choose the right digital technologies with the right mode of applications, for the right purpose at the right time and right cost. DLs, in the context of Industry 4.0 era, is synonymous with cerebral innovation with creative thinking to generate creative ideas. The primary objectives are:

- ⊙ Creative destruction to generate space for improved versions of existing products, services, processes, and/or
- ⊙ Creating altogether new products, services, and

functional processes. with cerebral applications of digital technologies and help in their gainful delivery to customers.

There are examples galore about how such digital innovations are improving a common man’s way of living life. A DLr is also the lead in-charge of the team of critical thinkers in search of creative ideas for business excellence. Innovation for business operations primarily aims at generating new business models with more and new revenue models in collaboration with related functional heads. This spans right from the stage of innovative ideation to effective implementation of plans for achieving the goal(s) of DT in tangible terms.

The axiomatic comment of an unknown author about a digital leader reads, “*Creative genius is less important in an innovative leader than is the ability to form a vision around an idea or set of ideas.*” According to a publication of KPMG³ he who does the following is a digital leader:

- ⊙ “*An architect who develops and executes the organization’s digital strategy and architecture.*”
- ⊙ “*An implementer who works closely with business lines to implement tools.*”
- ⊙ “*A coordinator who brings together people with disparate skills to work together and encourage collaboration.*”
- ⊙ “*A relationship builder who connects with third-party technology providers to incorporate their specialized skills into the organization’s digital strategy and business strategy.*”

Supreme examples of ‘Digital Leaders’ and ‘Digital Leadership are the globally acknowledged stories of cerebral leadership provided by CEOs like Bill Gates to employees of Microsoft, Steve Jobs to employees of Apple, Jeff Bezos to Amazon.com and Prime Video, Byju Raveendran for ideating and creating Byju’s App for digital transformation of basic education, and so on. Such examples can also be quoted from all the organisations that have scaled the height of a Unicorn with cerebral applications of digital technologies. Every such digital leader can be considered as a ‘Creative Visionary’, cerebral thinker, as well as friend, philosopher, and guide. They train and effectually instil the habit of creative thinking, innovating, and generating unique ideas for problem solving into team members they lead in search of digital excellence.

Digital Cerebralism

The following graphic provides an iconic expression of what all a leader does for successfully leading an organisation to achieve a specific mission with innovation and creativity. A DLr is no exception to that. The task of a DLr starts with leading self with a creative vision and then gradually leading team members through the process

of creative thinking, creativity, and innovation. A DLR also acknowledges the ‘Right to commit mistakes’ in the path towards success.

A DLR should consciously be aware that for team members the best and lasting way of learning is to learn from mistake(s). Mistakes, albeit should only be a matter of accident or chance, can make them to understand that what they did is not the right way to achieve success.

Responsibilities of Innovative Leadership



Source: <https://www.sketchbubble.com/en/presentation-innovation-leadership.html>

Saumus Rae³, CEO at Engine B, London is of the view that *“If the leader is not a pioneer for a future digital business model and its technologies, then they’re not functioning as a vital bridge, connecting the business and technology ends of the enterprise. They don’t necessarily have to be a deep technologist, but they need to appreciate the promise of AI, cloud, IoT, smart analytics and other solutions, and what the business model might look like in five years.*

DLRs should, besides being a visionary, actively contribute to the process of ‘innovative’ digital transformation. She/he should cast profound impact on his team members, which must be perceivable by team members. Thus, a DLR would become an effective catalyst for innovation and by actions foster co-creativity. A DLR’s passion for DT and conviction about ideated applications should be infectiously inspirational for team members. With all these in mind the major deliverables of a successful digital leader can be narrated through the following bullet points:

- ⊙ Develop a strategic vision and mission from the perspective of core team for DT and align the same with the overall vision and mission of the company,
- ⊙ Be the catalyst, major change agent and successfully build digital culture across the organisation,
- ⊙ Changeover from legacy systems to the digitally transformed systems with least possible resistance, pain, and business disruptions,
- ⊙ Enhanced capital output ratio of all tangible capital assets and digital assets, competitive advantages,

Such learning points can serve as critical success factors for their next efforts. Understandings and appreciations of all these help a DLR to create an enabling environment for ‘Cerebral Innovation’ and better motivating and directing team members towards attaining success. All these alleviate the process for the DLR establishing a ‘Digital Culture’ across the spectrum of an organisation and finally leading the by mandating and fostering.

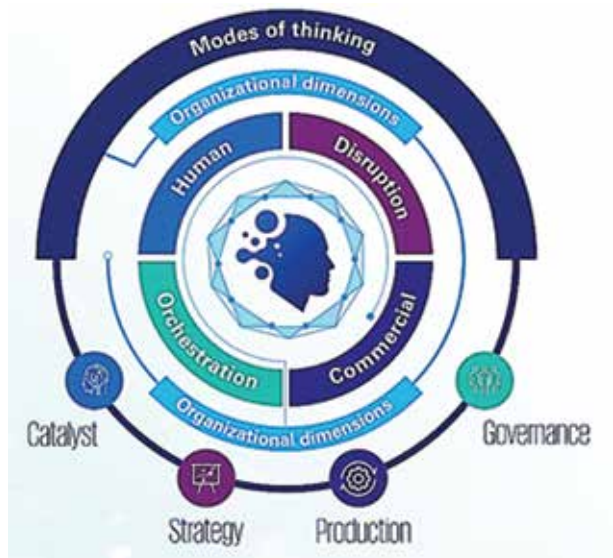
and productivity of employees. All these are for enhanced ROI by creating an enabling environment so that employees consider DT as a mission for strategically using all digital assets of the company,

- ⊙ Improve engagement of customers and all stakeholders with the company for delightful experience and win with association,
- ⊙ Imagine future of the company’s business through predictive insight and increase revenue through digitally driven new business models and revenue models leading to higher profit and profitability, and
- ⊙ Ring fence talented human resources and gainfully deploy across the organisation after due training and reskilling for handling digital business.

A professional through digital leadership must ensure delivery of all these and must not consider DT as a ‘Lipstick Project’ for decorating the organisation, or a destination to be reached once for all. Instead, she/he should embark on digital transformation as a journey and lead the organisation in search of excellence for sustainable growth and prosperity.

According to Stefan Katanic, a member of Forbes Councils⁴, *“A digital leader is not just one who helps a company find cutting-edge alternatives to legacy systems. They are also the ones who approach problems with an open mind and show great curiosity in their work, which leads them to make all efforts toward encouraging creativity among teams”.*

Digital Leadership - Multitude of Dimensions



Source: <https://assets.kpmg.com/content/dam/kpmg/sa/pdf/2021/digital-leadership-updated-2.pdf>

The above graphic crafted in the quoted publication of KPMG brings out the multitude of dimensions of digital leadership. Words and phrases used in it are self-explanatory and demonstrate/testify what all the author has narrated in the foregoing segments and paragraphs. These should be considered by a digital leader while deciding about the digital transformation strategies and tactics for implementation. All these are of critical importance in a dynamic business ecosystem shrouded with risks, uncertainties and endlessly evolving digital technologies.

A DLr should, therefore, also emerge as the thought leader for the organisation, follow certain ideology and philosophy for successfully continuing with delivery of the above results. According to Oxford Dictionary meaning of the word 'Ism', which originated in 17th century, is "*Distinctive practice, system, or philosophy, typically a political ideology or an artistic movement*" In the context of innovative applications of digital technologies the author is inclined to adopt this meaning of the word 'Ism' and add to the word cerebral to collectively christen all the above functions of a digital leader under one axiom, and that is '**Digital Cerebralism**'.

Ursula Burn, the former and the first ever black woman CEO of Xerox from 2009 to 2016, said that "*I do business with heart as much as I do with head both personally and professionally.*" The commonly understood synonym for 'cerebral' is brain. CEO Burn might have meant cerebral leadership when she talked about head. The power of heart might have charged her emotionally as a leader. Digital cerebralism would also need power of cerebrum or head and of course emotional intelligence to deal with both internal and external stakeholders.

Digital Leadership - Person and Entity

In the light of 'Digital Cerebralism' DLs can be thought

through from the perspective of both an individual leader and collectively an organisation. When a professional takes up the duties and responsibilities for delivering the above results by leading the core DT team, she/he can be construed to have taken up the role of digital leadership.

At times an organisation can also be considered as actively facilitating digital leadership by rendering services to clients. By their services they help the clients' business leaders to successfully adopt digital technologies and drive digital transformation in their respective organisations. Such service providers also help entities by selling and/or implementing digital tools, devices, products besides rendering services for implementing DT. Cases in point are giants like TCS, IBM, Google, Capgemini, Accenture, etc.

DLs can also be appreciated from a third perspective in which certain companies take leadership role in an industry and indirectly inspire/compel other entities of that sector for digital transformation. While they enjoy the first mover's advantages as the torch bearer of DT in that industry sector, others consider them as the leader. Therefore, the first adopter can be construed to have provided digital leadership to that industry sector. For example, in EduTech sector Byju's has taken the leadership position for inspiring other startups of the sector to follow their footsteps.

The Winning Formula

By now it might have been appreciated by readers and professionals from across any form of organisation that there is no scope of reluctance and escape from embracing digital technologies both at personal and organisational levels. They must have to accept and deal with the emerging realities and need for digital transformation in this Industry 4.0 era. Therefore, the requirement and importance of distinctly identified digital leaders and digital leadership cannot also be wished away. Whether the leader will emerge from within or be chosen from external environment is of lesser importance amongst related issues.

An intriguing question that may arise is, whether there is any winning formula for digital leadership with digital cerebralism for success in digital transformation. Almost certainly the answer would be no. Because no two industry or service sectors are the same and internal realities of no two organisations within any sector are the same. Therefore, with variations in internal and external environment and realities the roles and responsibilities of the leader would vary, including for directional thoughts, strategies, and degree of intensity in efforts. Moreover, changing dimensions of VUCAFU and evolution of digital technologies at an overwhelming speed also would call for dynamic approach of digital leaders. They must have to craft different strategies and tactics to convert risks into opportunities. At least that is what successful startups have proved as one of the major keynotes of success.

The author would not hazard into prescribing any winning formula. His extensive search has also failed to find those. It would perhaps be helpful to study plenty of literature, research papers and advice of successful leaders to gain insights into various aspects of digital leadership and figure out success factors many of which can serve as pearls of wisdom. The author would like to remind all concerned about

his clarion call for ever remaining conscious about humane and ethical dimensions of digital transformation. Digital leaders perhaps will achieve more success if they also follow the ‘Ten Commandments for Digital Transformation’ as articulated by the author. These are available in his published article⁵ and a video⁶ in his personal YouTube channel. **MA**

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Ref.No.: G/128/06/2023(2)

13th June, 2023

CIRCULAR

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The Council of the Institute at its 344th meeting held on 20th & 21st May, 2023 has decided to use acronym “ICMAI” for the Institute of Cost Accountants of India.

In compliance thereof, all concerned including all departments, regional councils, chapters, office bearers, elected representatives and employees of the Institute are hereby directed to use the acronym “ICMAI” for the Institute of Cost Accountants of India and also insert all references to the mark “ICMAI” in all the physical and virtual mediums under their control and/ or supervision, which would include social media handles and websites with immediate effect.


(Kaushik Banerjee)
Secretary