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# How To Navigate Digital Disruption: Slow Down In the Turn, Then Speed Up

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It's one of the biggest challenges facing all senior leaders – how to take advantage of all the disruptive forces upending every industry, rather than being overwhelmed by them and left behind. Clark Pettit, a colleague of mine at The ExCo Group, where we do senior leadership development and executive mentoring, has seen more than his share of case studies across a long and varied career, and advises many senior executives on how to win when the path isn't clear. Here's his playbook:

# Q. What are the most common themes that come up when you're advising senior executives?

A. The leaders we're working with are very often facing a shift – they're going around some sort of a curve with some uncertainty. Race car drivers tell you that turns are the greatest opportunity to pass your competitors, but that it's critical to brake hard just before the turn. Without that short slowdown, you can't stay in control and position yourself to then accelerate through and out of the turn.

A lot of what we do is to create the space to allow the leaders we're working with to slow down, to make that brake, and think through what success looks like – what is this curve I'm trying to get around, how can I predict what it actually looks like on the other side, what are the levers I've got to pull and, most critically, what are the things on my to-do list that actually matter and what is just noise? Without that clarity, you can't accelerate through the change. Everyone's facing some new thing – for their company or for their own personal journey – that requires a shift or is an opportunity to shift. A big part of it is asking the right questions at the right time.

## Q. Digital transformation is a clear challenge facing so many executives. What are your top do's and don'ts?

A. Digital transformation is usually very disruptive. It not only changes how you deliver whatever is becoming digital – entertainment, content, technology, information, data, experiences – but it creates opportunities as well as greater expectations from your customers. The disruptions in every industry are big enough to open the door for a completely new competitor to come in. And at the same time, brand loyalty goes out the window. "You need to embed with your customers and see things from their perspective, because that's where the shift is happening."

What I tell people is that the greatest ideas come from outside the four walls of your company. If you're locked in a dark room with your head of strategy, covering the walls with ideas generated by the usual team, you're doing the wrong thing. You need to embed with your customers and see things from their perspective, because that's where the shift is happening. Disruption is a time to dive deep into questions like, what is our new addressable market? Do we have to drive new customer relationships and commercial models? How will the industry continue to shift? Finding and building the technical skills to execute the digital transformation is secondary. The top priority is understanding the shift from the customer perspective and being willing to evolve some of your old models, even if those are a legacy source of revenue. That's not easy to do.

#### Q. What else?

A. When companies are trying to navigate disruption, vision, strategy and tactics often get tightly intermingled and seem to shift faster. Leaders have to be able to separate them and understand each quite differently.

Vision shouldn't really change except when some sort of major reinvention is on the table. There are rare exceptions, like when Pixar shifted from being a specialized hardware manufacturer to a movie studio. Examples like that require almost throwing away the entire business model and taking some kernel of it and building from scratch. But most of the time, the vision – why you are here – should be set as a cornerstone.

Strategy is the sustainable capabilities you bring to solve something unique in a defined marketplace. Your team needs a clear roadmap that they can follow to help them confront and overcome the inevitable hurdles. But in a disrupted market everything can shift, and so should your strategy, which can lead to one of the dangers of disruption: the thrashing inside the company that can cause people to second-guess the direction.

The solution is for top leaders, and sometimes it's only a small circle, to be crystal clear about the assumptions behind the strategy, and to watch for any signals that another shift is needed. It's a tricky balance. They have to keep everyone enthusiastic and committed while also being vigilant and methodical about tuning the strategy periodically. That kind of constant navigation is almost like whitewater rafting, but you still have to have a clear direction, with waypoints.

It's almost an art. You have to simplify complexity, and boil it down into a clear direction, because people can't be effective if they're uncertain, and you have to make progress in chunks. There are windows when you're going to rethink the hypothesis and possibly refine the strategy. But between those windows, you're going to be draconian about execution and be very careful that you're focusing on things that move the needle, rather than pursuing everything on the to-do list.

# Q. All that makes sense, but human beings are wired to crave certainty. Any other thoughts on how to get everyone moving in the new direction when there may be resistance?

A. The leaders that I've seen do that effectively focus on the compelling "why" and use that as the cornerstone. Companies often struggle when answering questions like, "What differentiates you? What do you bring to the table that's unique?" But if you can be clear about what you have that is different in the marketplace, then you make that the constant, and then you empower everyone to be creative in thinking through how else that can be done.

As a simple example, Honda is the Honda Motor Company, and BMW's tagline is the "ultimate driving experience." Honda makes lawn mowers because they need a reliable motor. BMW makes bicycles. They don't have a motor, but they can be an ultimate driving experience.

Those mottos aren't just sound bites. They empower people to think about new markets, and

feel passionate about bringing up ideas.

No one inside Honda is going to say, "Hey, why don't we make bicycles," and no one inside BMW is going to say "Why don't we make lawn mowers?" That's the key – to empower people by giving them a consistent framework for thinking about the uncertainty.

## Q. I'm curious about your own evolution as a leader. What have been the most important leadership lessons you've learned?

A. I remember working on a project when I was much younger, and being surprised when the group declared that I was the leader. I immediately thought, "Wait, I'm not even qualified to be the leader. I just saw a problem that wasn't getting fixed and couldn't stand by any longer." I have since discovered that that's the journey for most leaders – they want to fix something that isn't getting addressed. But you can't wait until you feel fully qualified and are officially appointed by others. That's more followership than leadership.

A second lesson came when I worked for 18 months on a merger. I was involved at a corporate level with a company that was merging with another company, and it fell apart at the very end because we didn't lay the groundwork properly with the regulators. From our perspective, we didn't see the merger as being anticompetitive. We saw it as, "Hey, the world's being disrupted, this is what we have to do to survive." It also fell apart because of some disagreements at the very top of the two companies that were merging.

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So there were hundreds of people, and even thousands at the next level, who just spent 18 months on something that fell apart because of very simple leadership problems. We got into the mechanics and we hadn't thought through the leadership and stakeholder side. We didn't bring along the regulators who would be deciding whether or not this was good for the world. But so much of what I've learned goes back to that importance of creating a compelling vision and simplifying the complex. People are desperate for some real meaning in their work lives. Empower them with sufficient clarity and autonomy to feel like they own their portion of the larger vision and you'll move forward together.

That's the only model I've seen succeed in achieving a significant breakthrough, whether it's navigating a big shift, going into new markets, or being a disrupter. I've never seen a company succeed that doesn't get at least a fair amount of that right.