

Drilling Down: Leading in the age of digital determination

Finding, nurturing, and unleashing the mavericks of reinvention

Early digitalization and digital transformation efforts were fixated on technology. They became playgrounds for tech-savvy alchemists mostly operating under moderately controlled conditions. Like all pioneers, their achievements were celebrated more for their discovery value than for any real profound contribution to business or society. They proved what we've known since the invention of the wheel—while new technologies are fascinating and exciting, they are tools used for teeing up progress at some further point in the future, not necessarily the progress itself.

New digital leaders determined to make a difference

With the increased need for organizational adaptability, an opportunity is emerging for people with the strength and vision to transcend the traditional limits of digital adoption. These people don't want to drive incremental improvement, they want to rebuild organizations fit for a new future. And they want to do it fast.

The role of "digital leader" is no longer reserved just for the CTO or CIO. It is open to anyone whose unconventional mindset remains untouched by the attritional anti-value of conformity. It is for those who believe in something bigger and better than has been achieved thus far. They are digital mavericks.

Four main drivers are motivating corporate leaders to embrace the digital maverick philosophy in an effort to ensure their organizations don't get left behind in the digital age:

- Complexity – Thinking far bigger about how to architect and build digital
- Culture – Pushing boundaries and inspiring people and teams to transcend
- Connection – Removing traditional structures and engendering purpose
- Customer – Relentless improvement of value chains

The reality is a scarcity of people in energy and natural resources firms who possess this enriched blend of digital DNA and iconoclastic worldview.

This is because many potential digital leaders have left the corporate environment for the more natural habitat of start-ups or to become individual digital "guns-for-hire." These nonconformist thinkers are driven, passionate, and intellectually agile—they don't perform well in conditions that stifle their need to challenge the status quo. And this is why, not long ago, this type of leadership profile might have been disregarded for being too disruptive, too demanding, and too difficult to control. It is now firmly in vogue.

Business resilience requires a new playbook



Fifty-nine percent of executives say COVID-19 has accelerated their digital transformation efforts, but with fewer funds available for new technology, the emphasis is on leadership and organizational change.

KPMG International/HFS Research, Enterprise reboot—2020 Global Emerging Technology Survey Report.

Energy sector firms' greatest need is digital skills



Seventy-one percent of executives say that they need more people with the combined skill sets of energy-relevant domain knowledge and digital acumen. Nearly 1 in 5 firms reported not having any employees with sufficient levels of both capabilities.

DNV GL, Digitalization and the Future of Energy, 2019.

KPMG Collaboration with HFS

This shift has left a dearth of talent in the internal skills pool. The inevitable question is: Can you upskill someone to become a digital maverick and, if so, how?

New order for a new normal

As a sector, energy is front and center in the development of this dynamic. With IOC super majors announcing ambitious strategies focused on moving their businesses to net-zero carbon output over the coming decades, CEOs are enticing investors and analysts with the notion that, in the pursuit of far greater profitability, traditional energy and natural resources firms can radically simplify the components of upstream, downstream, and trading to create new business models that are fit for a renewable energy world of the future.

This in turn is spurring the emergence of a new leadership model that pivots away from the traditional qualities of corporate leadership. Of course, traits such as integrity, vision, commitment, and passion remain important, but the profile of a digital leader is increasingly skewing toward the relatively unstructured and less predictable—much like the COVID-19-driven business environment. Indeed, we are seeing the unrelenting rise—and, more importantly, the mass adoption—of digital non-conformism.

The digital maverick mindset—Multimodal thinking

Intellectually and practically, digital mavericks have a unique capacity for interoperating in a multimodal fashion. As leaders, this makes them inherently agile

and highly adept at designing and building solutions to complex problems—if placed in a conducive environment. In our view, today's digital leaders must acknowledge and gravitate between four distinct, interconnected modes of thinking.

Mode 1: From strategy to solution.

This mode is about recognizing that digital is about doing. It's not about pointing to a "North Star" and vowing to get there in three or five years, and outlining an immutable path. There's a place for big thinking, of course, but the true value is found within the deeper "solutioning" work. This is an exercise in ensuring all the moving parts fit together at a pace and scale never previously achieved.

Mode 2: From production to purpose.

Digital leaders must think about generating positive, sustainable, and repeatable outcomes, and that means inspiring everyone to think and act accordingly. A truly digital organization is instinctively and strategically digital, not grasping one day for a broad enhancement of its IT architecture, and the next day pivoting to gimmicky venturing programs with limited sustainable business value. The focus should be on product development and generating ideas that ultimately become business lines or enable improved efficiencies in existing businesses.

Mode 3: From champion to spark.

Tomorrow's digital leaders must assume the role of evangelist, motivating and inspiring the organization as a whole, at every level, to move from awareness to action. Unfortunately, many energy companies continue to struggle with moving their people beyond a basic level of digital awareness. This mode of thinking provides the spark that ignites the whole movement—often through practical demonstration and shared learning.

Mode 4: From marshal to ethicist.

While digital mavericks may have disdain for governance as a relic of old-guard corporate thinking, they must acknowledge the importance of the ethical ramifications and inherent risks in everything the organization does from a digital perspective. Because organizations evolve constantly, this mode helps ensure all of the connections across the organization are both operationally and ethically on point, and aligned with the company's core business vision.

Where the digital rubber meets the virtual road

These observations regarding the emerging model of digital leadership are part of KPMG's broader research. Through detailed interviews with digital, technology, academic, and industry leaders, we are delving the acceleration of digital thinking and digital capabilities, in general, and across the energy sector, in particular. KPMG professionals will share our key conclusions in the form of a broader paper in early

2021. That publication will explore in greater detail each of the modes of thinking across which we believe digital leaders need to operate and how those modes play out across the specific dimensions of digital transformation. We will also probe the digital maverick as a key player within mainstream corporate hierarchies and how organizations can adapt digital leadership models to enable these unconventional individuals to flourish.

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