Leadership in a Digital World: Embracing Transparency and Adaptive Capacity

Warren Bennis
Marshall School of Business, University of Southern California,
Los Angeles, CA 90089 U.S.A. {warren.bennis@marshall.usc.edu}

Digital business strategy is a very important issue for leadership because it is going to fundamentally change every leader’s life—whatever type of institution they are leading. The ubiquity of information and the bandwidth of access that leaders have and are exposed to will continue to grow in amazing ways, and this will make transparency inevitable. This means that leaders at every level of the organization will know what is going on every minute of the 24-hour day, and no fact will be left behind. I am not talking about a totalitarian surveillance state, although it can be used in such a way, but rather the beauty of it is the speed with which you can get feedback on your products in the marketplace, and how your customers are being dealt with, etc.

This information-driven transparency will change the way that power is derived. Power in our society is mainly derived from the absorption of uncertainty with multiple stakeholder groups. Information ubiquity in a digital world helps every leader at every level to a better understanding of the various stakeholder groups that they have to take into account—provided they take advantage of it. And when we think about the complex constituency of stakeholders today, they are more complicated, more eloquent, and more noisy—and more important to consider. It would be very hard for leaders in this digital age to ignore or not be aware of social networks and what is being discussed in them related to their organization. They are also publicly exposed through all of the information available about them on the Internet, people having a camera in their mobile phones, and the rapid viral effect of social networks. Think of all those places in the Middle East where revolutions often started with a few protests and suddenly they became hundreds and then thousands. Could this have happened that quickly without digitization? Furthermore, the former dictators of those countries such as Egypt where the Arab Spring occurred were clearly not in step with social networks and those technologies became a powerful weapon that accelerated their demise.

What I am getting at is that if a leader at any level does not understand how to use the digital world and its accompanying instrumentation, and if they do not understand the power that it has on their relationships with their stakeholders—be it their customers, employees, partners, or the whole supply chain—then they will be seriously left behind. It is a blessing of the digital age to know the bad news quickly, so something can be done about it as soon as possible. In a world of increased transparency through digitization, leaders need to understand the power of instrumentation and what it enables. Like physicians understand the power of functional MRIs in really understanding what is going on in the brain, so must leaders understand the power of digitization in really understanding what is going on in their environment. Every development you get in the digital world that we are living in can be our enemy or can be our best friend, and leaders have got to understand that it has got to be their best friend. And they need to understand the power of the instrumentation that comes with it.

Why are some leaders able to figure out the relationship between the instrumentation and what they are trying to do and some are not? Is that a personal characteristic or is it a
function of the context and the environment? I believe it is the interaction between the two. One of the things that is most important in effective leaders is their adaptive capacity—and the digital environment can enhance adaptive capacity. When I use the term adaptive capacity, I typically think of a number of important items. One of these is resilience—that is, coming back effectively, and rebounding from difficulty or adversity. Howard Schultz, the CEO of Starbucks, recently wrote a book titled *Onward: How Starbucks Fought for its Life Without Losing its Soul* in which he talks about rebounding. I think a lot of it had to do with getting information from those 17,000 coffee shops. He says, “I smelled something was wrong,” and when he said “I smelled,” he was not just talking about his nostrils and smelling coffee. He was getting an idea of what was going on through his various Internet connections with the stores in New Orleans, the stores in Seattle, the stores in Paris, Hong Kong, China, all over the world. It wasn’t just “I smell that we are losing our way.” What he smelled was more important—he smelled that the environment, the culture, was different than what he had in mind. He said, “It’s not the company I thought I founded.” He got it from listening to people through digital channels. How else would he know what was going on in 17,000 coffee shops around the world? What an advantage that is, to get feedback so quickly if you want it, and you better well want it if you want to be an effective leader in a digital world.

Regarding this nature versus nurture issue with effective leaders in the digital world, it has to do with openness to the new. This is based on a lot of factors: sometimes it is person’s personality: they have a hard time trying a new food; they have a hard time finding a new hair dresser; they have a hard time finding a new store in which to buy their ties or their clothes; they do not want to see that movie because they don’t see movies like that—that is just part of their temperament, which is more closed than open. The second part of openness is being able to learn what you don’t know from your failures and mistakes. I am 88 years old, for God’s sake, and right now, I feel very fortunate because I do think I am open to innovation and the qualities of leadership in the digital world. In addition to resilience and openness, the quality of adaptive capacity is an optimistic sense of can do and can try. It does not mean that you have to crazily adopt every innovation, but you have to believe in the power of digital technologies in changing the ways we lead and manage. Anyone who doesn’t see the possibilities—well then, if you want to be blind, be blind. Transparency is inevitable at every stage of our existence. Yes, it will be misused, but we had better learn about it and embrace it if we are going to be effective leaders in the digital world. And we had better learn how to enhance our adaptive capacity in the digital world. Unless we want to be seriously left behind.

**About the Author**

Warren Bennis, born in 1925, is a scholar, organizational consultant, and author who is widely regarded as the pioneer of the contemporary field of leadership. Bennis is University Professor at the University of Southern California, and is Distinguished Professor of Business Administration at the USC Marshall School of Business. He is also the Founding Chairman of The Leadership Institute at USC. In 2007, *BusinessWeek* called him one of ten business school professors who have had the greatest influence on business thinking. Bennis has authored numerous books and articles on leadership for more than half a century. *The Financial Times* recently named his classic book *Leaders* (with Burt Nanus) one of the top 50 books of all time. With Robert Thomas, he is the author of the 2002 book *Geeks and Geezers: How Era, Values, and Defining Moments Shape Leaders*. His most recent 2010 book is *Surprised Surprised: A Memoir of a Life in Leadership*. 