

Digital Strategy

Dynamic Times Demand Adaptability

By Joe Tarantino

With global gross domestic product projected to expand, unemployment at historic lows, and low inflation and accommodative monetary policies expected to continue, I believe we can all express optimism for a strong economy over the next 12 to 18 months. Beyond that time frame, the future is anything but a straight line.

A firm that Protiviti works with recently noted that more than 60 percent of CEOs are concerned about the speed of technological change and cybersecurity. Putting that into perspective, according to a study by McKinsey & Co., artificial intelligence (AI) could deliver \$13 trillion in additional global economic activity by 2030. An infusion of that magnitude is on par with transformative technologies such as the steam engine. McKinsey's report also found that 70 percent of companies could adopt at least one form of AI by 2030.

Then there is blockchain. Financial services industry analysts in a report published by Santander InnoVentures project that blockchain could save the industry \$15 billion to \$20 billion annually by 2022. Similar projections are on record for insurance, real estate, and health care. In every industry, some automation can be incorporated into almost every job, including data collection, data processing, and physical labor. Even high-paying jobs are not immune.

It is hard to think of any business or industry that is not going to be transformed by technology in some way. I'm talking about strengthening customer engagement and relationships; digitizing new and enhanced products and services; improving information to enable timely, data-driven, and more informed decision making; and creatively

improving operational performance. It all adds up to exploring new business models and transforming the way business is conducted. With all this change, the control environment in any organization will come under stress.

Can we achieve our goals based on the changing world around us?

To illustrate, new and emerging technologies will greatly influence—often by enabling and sometimes by making more complex—how companies design and manage their labor models. Organizations need to advance toward optimizing their mix of internal, interim, and outsourced human talent as well as digital labor, in which automation, robotics, machine learning, and other AI capabilities replace human workers.

The exciting opportunities and challenges posed by the digital economy raise three fundamental questions for CEOs and their boards as they engage in setting and executing strategy:

- Can we achieve our goals based on the changing world around us?
- How do we learn as fast as the world is changing?
- Can we manage the inevitable change that will impact our business as we have in the past?

One thing is immediately clear as we formulate and execute strategy: To drive acceptable growth, remain relevant, and sustain customer loyalty, organizational alignment is crucial. Yet with markets changing,

the future of work a moving target, customer preferences shifting constantly, and margin pressures escalating, it's never been more important. At stake is the cultivation of a collaborative learning culture committed to innovation and continuous improvement that is necessary to fully realize opportunities in the marketplace.

Achieving alignment means:

- a flat, boundary-free organizational structure with accessible leaders, strong empowerment, and faster decision making to establish an innovation mind-set and blend enterprise resources, ecosystem partners, and leading technology to create a dynamic model for delivering value;

- more effective onboarding of experienced hires and investing in a network of diverse talent to be future-ready and create value in new and innovative ways;

- better communication and feedback mechanisms that foster transparency so that everyone is engaged and accountable for results and controls; and

- engaging the organization in meaningful ways beyond the top and bottom lines, such as through community programs and philanthropic endeavors.

These are exciting times. As I think about the future, one thing I am certain of is rarely have CEOs and boards faced an environment in which change was not only imminent but an imperative to embrace. The challenge for most companies is aligning their organizations, processes, and people with this business reality.



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