

Leading In The **Digital Era** – Two Most Needed Changes

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Despite the growing volume of literature and advice on digital transformation, one of its most important success factors remains largely underestimated, misunderstood, and even ignored. It is about how social and business life is evolving because of digitalization and connectivity; and how our understanding of leadership and management must shift accordingly.

To really understand what's happening today, let's take a brief tour of history.

Pre 1765: Once upon a time before industrialization, everyone lived in small villages. People were either farmers or artisanal producers. They lived and worked on the farm and sold their crop or artisanal produce within the village itself. In this period, everyone in the village knew one another and life was totally transparent. If someone did something good or bad, the whole village would find out in no time. It was like living in a fishbowl.

In short, village life represented three dominant features:

1. No separation between home and the workplace,
2. No distance between the producer and the customer, and
3. Nowhere to hide. Everyone completely exposed to the extent of being naked.

1765 – 1870: Then came the first industrial revolution wherein we invented the railroad; and saw the birth of the earliest factories. Now for the first time, the three dominant aspects of village life began to change. People started commuting to work; and selling (exporting) their goods and services beyond their villages. Increased separation between home and the workplace, as well as between producer and customer made people less exposed.

1870 – 1970: This triangular trend of “commuting” to work; “exporting” goods and services; and becoming less

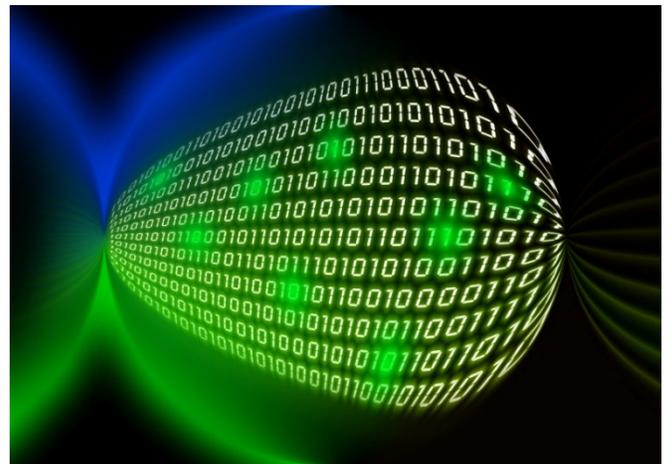


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exposed, gathered more steam with the advent of the second industrial revolution wherein electricity, telegraph, telephone, automobile and airplane were invented. This period witnessed the growth of large factories, and the introduction of scientific management theories propagated by progressive intellectual thinkers like Frederick Winslow Taylor. An American mechanical engineer, Taylor believed that if left to their own devices, workers would do minimum possible work, and to improve productivity, they had to be closely observed and controlled. Based on time and motion studies, Taylor developed scientific methods of increasing industrial efficiency by introducing concepts such as ‘punch cards’ and ‘management by objectives.’ Management and leadership in business was all about maximizing control over human resources, and management could keep their actions and decisions secret or confidential.



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1970 – 2000: The triangular trend continued through to the third industrial revolution. While Taylorism had long ago given way to Druckerism, the focus of leadership and management was still primarily hinged on monitoring and controlling human resources with opaqueness rather than transparency. Thanks to globalization of business and the massive rural-urban migration, the producer by this point was almost invisible to the customer. Now, even neighbors were strangers to each other.

2000 Onwards: We are now witnessing the fourth industrial revolution defined by digitalization, virtualization, wearable and implantable tech, free access to information, and near-universal connectivity.

This unprecedented level of connectivity and information availability is making ordinary people more empowered than ever before in human history. Like their counterparts in the gig economy, fulltime employees refuse to be controlled anymore. Additionally, while they are gaining empowerment, they are losing privacy at equal speed and becoming fully exposed again. Their every act is now fully visible and trackable. Thanks to connectivity, the lines between home and workplace have blurred, and the producer is again fully visible to the customer because everything and everyone is just a couple of clicks away. We've come full circle where once again:

1. There is no separation between home and the workplace,
2. There is no distance between the producer and the customer, and
3. There is nowhere to hide. Everyone is completely exposed to the extent of being naked.

We are back in the village, except that the village is global and 24/7 connected!

So, what does this mean for managers and leaders?
Two key changes needed:

1. You cannot “fake it till you make it” anymore

Since everyone (bosses in particular) is naked in today's hyper-connected world, personal leadership must be powered by purpose rather than position. And it must be 100% authentic. Only those bosses who live their life pursuing a values-based purpose that is larger than their own self-interest will earn dedicated followership. Nothing wrong with self-interest, but it must be a subset of creating greater good.

2. Forget about “managing by control”

To be successful and to drive maximum productivity, we need to turn Taylorism upside down. Instead of maximizing control, we now need to maximize freedom and flexibility. Only those bosses who understand how to maximize productivity while maximizing freedom at the same time, will thrive in the fourth industrial revolution and beyond. This involves creating a culture based on values rather than rules.