Swiss Re Institute Symposium Boston

Master class: The future of work and leadership in the digital age

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Cambridge, MA
29 November 2017
Today, I am here to discuss the future of work and leadership in the digital age
We will go through some materials on the future of work and leadership, then breakout into groups to discuss.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time</th>
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<tbody>
<tr>
<td>Primer on the future of work and leadership</td>
<td>40 min</td>
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<tr>
<td>Interactive groups</td>
<td>15 min</td>
</tr>
<tr>
<td>Group presentations</td>
<td>15 min</td>
</tr>
<tr>
<td>Wrap-up</td>
<td>10 min</td>
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Work in the digital age
“The future is already here, it’s just not yet evenly distributed”

William Gibson
Welcome to Cambridge; the future is already here

- Home of multiple leading universities
- Young, technology-forward, and connected population
- Mix of residential, educational, commercial, and cultural resources

Kendall Square is the world’s most concentrated center of technology innovators (and giants), venture capital, PhDs, and biotech firms

Kendall Square
Epicenter of technology
For companies, particularly incumbents, ‘becoming digital’ is a journey, with several milestones in the progression.

**The four levels of becoming digital**

**Level 0**  
**Analog**  
Ignoring digitization, continuing analog operations

**Level 1**  
**Digitally Efficient**  
Applying traditional, if cutting edge (e.g., big data and analytics) business tools to “BAU”

**Level 2**  
**Digitally Enabled**  
Evolving business models, customer ‘conversations’, collective action, and social contracts

**Level 3**  
**Digital Explorer**  
Anticipating tech-spurred behavior change and exploring tech-driven opportunities

**Level 4**  
**Digital Ecosystem**  
Building a digital ecosystem by enabling partners’ and/or customers’ digitization

Digital native businesses start here

Digital excellence

Exploit
The first step — Level 1 — of becoming digital involves digitization of existing operations and processes to increase operating efficiency

1 Digitally Efficient

Applying traditional, if cutting edge, big data and analytics business techniques to “business as usual” — faster and cheaper, but little change to core business processes
The first significant step — Level 2 — of becoming digital involves a move to more effective ways of doing business — enabled by digital technologies

2 Digitally Enabled

- Changing customer dialogue
- Enabling collective action
- Evolving social contract
- Accelerating innovation

Organization → Customer → Small teams → Automation → Agile

Employer → Employee → Organization → Startups & Scale-ups
For established businesses to survive and thrive, Level 3 of becoming digital involves building new, dynamic capabilities to sense and respond to this new digital environment.

### Digital Explorer

- **Behavior change**
  - Ability to learn in real-time and adjust understanding of impacts across ecosystem
  - Robust understanding customer behavior, pain points, jobs to be done, etc.
  - Predict innovation trajectories, parameters, trade-offs, adoption, diffusion, etc.

- **Ecosystem change**
  - A customer-based perspective on how technologies affect risk as a whole
  - Agile management to sense and respond to rapid changes in the environment

- **Enabling technologies**
The most powerful and influential form of becoming digital—Level 4—involves enabling partners and driving the growth of a new diverse digital ecosystem.

**4. Digital Ecosystem**

Using the digital transformation to create, rather than respond to or anticipate, a digital ecosystem by enabling partners’ and/or customers’ digitization.
Different companies are at different levels of maturity

Level 0: Analog

Level 1: Digitally Efficient
- Rolls-Royce

Level 2: Digitally Enabled
- Starbucks

Level 3: Digital Explorer
- Schneider Electric
- Thomson Reuters

Level 4: Digital Ecosystem
- AccorHotels

Walmart has made significant investments and acquisitions to improve their e-commerce platform.

AccorHotels has acquired and partnered with digital brands and points of presence.

Jet, shoebuy, Moosejaw, ModCloth, BONOBOS

FASTBOOKING, POTEL CHABOT, John Paul

AccorHotels, VeryChic, onefinestay
For knowledge-based companies, a rapidly evolving set of technologies are fundamentally impacting this progression.

**User experience** (interfaces between humans and machines)
- Mobile: Experience continuity across device
- Tablets: Wearables
- Advanced gesture control
- Ambient interfaces
- Brain-machine interfaces

**Interactions** (enable humans to interact with information)
- Data / information visualization: Collaboration
- Workflow management: Intelligent agents
- Information production: User-defined programming
- Hyper-personalization

**Information** (organize, secure and transform information)
- Traditional analytics
- Big data
- Advanced analytics
- Natural language processing
- Internet of things (IoT)
- Advanced biometric security

- PaaS
- Large-scale databases
- Platforms and web APIs
- Machine intelligence
- Distributed ledger (i.e. Blockchain)

- Platforms and web APIs
- Cloud
- 5G cellular networks
- Neuromorphic computing

**Infrastructure** (create, compute, transport, and store data)
- 3G/4G cellular networks
- Low-latency networks and computing
- LPWA wireless networks
- Neuromorphic computing
- Quantum computing

**Established**
- 3G/4G cellular networks
- 5G cellular networks
- Cloud

**Emerging**
- Neuromorphic computing

**Future (+10 years)**
- Quantum computing
In parallel, the composition of the digitally enabled workforce is rapidly evolving

A growing number of jobs will require a significantly more complex set of interdisciplinary skills

As the composition of the workforce shifts, so do the attitudes, wants, and expectations of workers

Cloud computing enables startups to compete with large organizations; established companies should focus on acuity and agility

- Dynamic employee staffing
- Open innovation and crowd sourcing
- Multi-point communication (e.g., enterprise social networks)

Lifelong learning
Computing
Ethics and professionalism
Multinational communication

Data analysis
Relationship building
Problem solving
Project management

✓ Flexibility in work times, schedules, and locations
✓ Social responsibility
✓ Direct engagement with the company
Three Cs — collaboration, creativity, and cooperation — are definitive musts for work in this digital future.

**Collaboration**
- All routine work will be automated
- Increasing reliance on collaborative work with computers ("Race with the Machine")

**Creativity**
- Real value lies in creative work (tasks that machines cannot execute)

**Cooperation**
- New business models extend beyond the boundaries of the organization, with primary focus on value creation through cooperation
This transformation is impacting every aspect of the organization as we know it

<table>
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<tr>
<th><strong>Users</strong></th>
<th><strong>End product users</strong> with evolving expectations around <strong>convenience, usability, interface design</strong>, and <strong>robustness</strong> that mirror those of consumer experiences</th>
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<tr>
<td><strong>Customers</strong></td>
<td><strong>Product buyers and decision-makers</strong>, including individuals, businesses, and governments, are more demanding in terms of <strong>customer service, pricing, customization, and integration</strong></td>
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<tr>
<td><strong>Business ecosystem</strong></td>
<td><strong>Networks of organizations</strong> involved in delivering a product are moving towards higher levels of <strong>collaboration, cooperation, and coopetition and commoditization</strong> of common functions</td>
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<td><strong>Business enterprise</strong></td>
<td><strong>Organizations</strong> searching for disruptive strategies, <strong>and innovation and organizational models to build new capabilities and sources of revenue</strong></td>
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<tr>
<td><strong>Technology infrastructure</strong></td>
<td>Building blocks used to build applications, processes, and products, and are resulting in greater availability of <strong>data, APIs, and platforms</strong> to build off of</td>
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Leadership in the digital age
Our work suggests that effective Digital Leadership requires a combination of nine essential behaviors.

9 Digital leadership behaviors

Dynamic capabilities

Organization

Meaning and purpose
Respect, include, flex
Create and collaborate
Accelerate learning

Individual

Humility
Ambidexterity

Humility, Ambidexterity, Acuity, and Agility are critical for leaders and organizations facing rapid digital disruption.
Humility: A digital leader must recognize that although they are each ‘incomplete’, their weaknesses can be complemented by the strengths of an appropriate team.

Incomplete leader

- Humility to recognize limitations
- Does not need to be master of all domains
- Surrounds self with specialist and experts

A weak leader relies too heavily on his or her own limited skillset

A strong leader leverages the complementary skillsets of others

Source: Deborah Ancona et. al. In Praise of the Incomplete Leader
**Ambidexterity:** The ability to simultaneously **evolve** existing core business, while also **exploring** new opportunities and building new ‘breakthrough’ businesses.

**Digital leadership**

- Dynamic capabilities
- Organization
- Individual

**Entire organization**

- Exploit and explore
- Growth and evolution of established core business
- Pursuit and development of new businesses

Source: Michael Tushman and Charles O'Reilly, *Ambidexterity as a Dynamic Capability: Resolving the Innovator’s Dilemma*
Meaning and purpose: An effective digital leader provides meaning and purpose through a shared vision — intrinsic motivation rather than extrinsic motivation.

- Common purpose and goal for work
- Providing work that is worthwhile
- ‘Work as Life’s Art’

Digital leadership

Dynamic capabilities

Organization

Individual

Meaning and purpose

Extrinsic

Common goal

Intrinsic

Motivation

Perks, material goods

Individual

Collective

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Respect, inclusivity, and flexibility: An effective digital leader must foster a working environment that is much more supportive and flexible.
Create and collaborate: Effective digital leaders exploit AI and robotics to automate routine work, and focus energies on collaborative and creative knowledge work.

Create and collaborate

- Automation of routine work
- Working collaboratively with machines and AI
- Facilitation of knowledge work that is novel and creative

Accelerated, lifelong learning: Effective digital leaders are not just lifelong learners, more importantly they foster lifelong learning throughout the organization.

- It is not enough for a leader to be a life-long learner
- Entire organization continuously learns, develops, adapts, and innovates

Accelerated, lifelong learning

<table>
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<th>Build</th>
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<td>Learn</td>
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<td>Data</td>
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<td>Create</td>
<td>Measure</td>
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Rapidly iterate through the loop
**Acuity**: Effective digital leaders have **insight** about what is happening now, and **foresight** about what will happen next to anticipate development.
**Decisiveness:** Effective digital leaders play a critical role in making timely and evidence-based decisions, through a transparent ‘[Fast and] Fair Process’

**Fast, fair process**

**Roles of the leader**
- Resolve decisions rapidly with no need for consensus
- Evolve the organization as required
- ‘Delegate then escalate’

Data science is delegated out

The leader makes evidence-based decisions, often alone

Data > Correlations > Insights and Theory > Decision

Source: Donald Sull and Kathleen Eisenhardt, *Simple Rules: How to Thrive in a Complex World*
Agility: Effective digital leadership supports extremely flat modular organizations that are small, agile, modular teams

Small, agile, modular teams
- Devolve, resolve, evolve
- Empower small, autonomous teams/tribes
- Enable rapid innovation

Old model
- Hierarchical
- Slow
- Bureaucratic

New model
- Autonomous
- Adaptable
- Rapid

Source: Eric Ries, The Lean Startup
Group breakouts
Breakout session

- Distribute 100 points amongst the 9 digital leadership attributes, according to perceived importance
- Answer: Is your organization ready to deal with “digital disruption?” What about your competitors, partners, suppliers?
- Answer: How are successful leaders navigating in this environment, and what capabilities do they display?
- Answer: What can you do – today – to start building capabilities across these 9 capabilities in yourself, your team, and the broader organization?
- Answer: How can you best leverage internal and external resources to rapidly build these capabilities?

Breakout into 4 groups (7-8 per group)

Use whiteboards to answer questions and organize thoughts (15 min)

Readout to the rest of the groups (4-5 min per group)
Groups present
Wrap-up
Businesses gain loyalty, increased sales, and positive reviews by providing a superior digital customer experience

- **SEPHORA**: 11% higher booking rate through Facebook Messenger reservation assistant
- **WARBY PARKER** eyewear: 5x increase in call volume and brand interaction by hyping the solar eclipse
- **adidas**: 25% of people enter the store after interacting with the interactive storefront
- **BONOBOS**: Reduced marketing budget by 50% using social media and peer-influence
- **STARBUCKS**: Generated over 2 million transactions in 6 months through social gifting with WeChat
- **amazon**: #1 top US retailer for online sales at $94.7 billion, accounting for 43% of US online sales in 2016

Digitizing the customer experience provides the feedback and data needed to better target customers and continuously improve.

- Increase sales and brand interaction
- Increase loyalty and decrease churn
- Generate positive reviews & recommendations

Customer service interactions of any kind are 4x more likely to create disloyalty than loyalty.

Source: BrightLocal; The Effortless Experience
Sephora uses novel technology to enhance customer experiences online and in-store

**SEPHORA**

**Virtual ARTIST**

- PRODUCT TRY-ON
- LOOKS
- VIRTUAL TUTORIALS

**SEPHORA + PANTONE**

**COLOR IQ**

**WHAT IS COLOR IQ?**

Color IQ scans the surface of your skin and assigns it a Color IQ number to find your scientifically precise foundation match from over 1,500 options.

**Your monthly beauty game plan, delivered**

**Play! by SEPHORA**

- **PLAY! PASS**
  - 50 bonus rewards points
- **PLAY! DATE**
  - In-store event for subscribers

**SEPHORA RESERVATION ASSISTANT**

+11% increase in makeover booking rate through Sephora Reservation Assistant vs. other booking methods.
Sephora provides a continuously immersive smartphone-empowered customer experience

Choose

Effortless selection
• Virtual product sampling with AR
• Curated products using custom-matching technologies

Peer validation
• View reviews in-store via mobile app

Analysis

Benefit

Effortless selection
• Subscription box service

Convenient access
• Delivery subscription service
• Unlimited, no-questions return policy

Meaningful rewards
• Loyalty program points redemption

Learn

Timely promotion
• Mobile push notifications about new products and offers
• Store beacons send personalized messages

Active Engagement
• In-store product workshops/events
• Online communities

Use

Active engagement
• In-store monthly events focused on subscription box products

Self service
• Guides and tutorials for specific looks and products

Help

Prompt, effective interaction
• Live chat customer service agents
• Consistent customer-first service across all channels

Self service
• Various product tutorial methods
• Video playback from makeovers
Sephora creates a *digital playground* via continuous touchpoints, engaging content, and community mindedness.

**Smartphone**
- **Makeup Try-On**: In-app AR tech for virtually trying on makeup products
- **Rewards**: Quick access to Beauty Insider account and rewards points
- **Online Community**: Access to The Beauty Board and Beauty Talk customer groups
- **Content**: Inspiration via how-to videos, trends, quizzes, guides, and galleries

**Subscription Box**
- Monthly subscription box service of sample products

**Promotion**
- Billboards
- Commercials
- Advertisements

**Digital Tools**
- Tools to diagnose skin tone and moisture level for custom product recommendations

**Events**
- Monthly Play!
- Dates which focus on use of subscription products

**Capture & Review**
- ‘Store Mode’ of app
- Scan in-store products for reviews and tutorials

**Chatbots**
- AI chatbots book reservations for makeovers via messaging apps

**Geo-fencing**
- In-app offers and triggers to draw consumers to the stores

**Geo-fencing**
- ‘Store Mode’ of app
- Scan in-store products for reviews and tutorials

**Content**
- Inspiration via how-to videos, trends, quizzes, guides, and galleries

**Shipping**
- Subscription shipping ala Amazon; $10/year for free shipping

**Home**
- Monthly subscription box service of sample products

**3rd Space**
- Beauty classes for learning specific looks and techniques

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Starbucks relies on a digital flywheel and innovative mobile applications

DOWNLOAD
Find the latest Starbucks® app for iPhone® on the App Store™ and for Android™ on Google Play.

ORDER + PAY
After you open the app and enable location services, tap the ORDER button. You're just a few simple steps away from ordering and paying for your favorite Starbucks® drinks and food.

PICK UP
Ask a barista for your order at your usual pick-up area

Payment
The easiest, most sensible ways to pay at Starbucks and beyond

Ordering
The fastest, and most convenient way to order

Personalization
Offers, communications and service tailored to individual customers

Artificial Intelligence
Starbucks is using AI for personalized campaigns and recommendations

Artificial Intelligence
Starbucks is using AI for conversational ordering via My Starbucks Barista

Rewards
The most compelling rewards program with everyday relevance

Endeavour Partners

29 November 2017
Warby Parker uses technology to make the glasses purchasing process convenient and easy

**Favorite frames**
List of favorite frames created online or in-app. A store associate can grab those frames for you when you are in store, no need to look around.

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List of favorite frames created online or in-app. A store associate can grab those frames for you when you are in store, no need to look around.

**Prescription Check**
Mobile refraction service, where a doctor reviews eligible patients’ vision and provide a new eye glass prescription.

**Prescription Check**
Mobile refraction service, where a doctor reviews eligible patients’ vision and provide a new eye glass prescription.

**How it works**
- **Pick 5 frames**
  We’ll mail them to you for free. Try them out for 5 days and see which ones you like.
- **Buy at any time**
  Make it your own by purchasing online and we’ll send you a fresh new pair.
- **Return your frames**
  Once your 5 days are up, place your box in the mail with the prepaid return label. Done!
Warby Parker uses technology to make the glasses purchasing process convenient and easy

**Favorite frames**
List of favorite frames created online or in-app. Employees in store can access list, show location of frames

**Capture & Review**
Pictures of in-store glasses try-on sent to the customer

**Smartphone**
- **Prescription check**
  Conveniently check prescription using app
- **Tele-ophthalmology**

**Home try-on**
Get 5 pairs of glasses shipped to your home to try on for free

**Glasses fitting**
Measure pupillary distance from a photo, ensuring perfect fit

**Promotion**
Billboards, commercials, advertisements

**3rd Space**
- **Prescription Eye Exams**
  Get prescription exam in-store

**Shop**
- **Tables & POS**
  Speed up buying process, and enable customers to help themselves

**Free shipping & returns**
Free delivery

Response to seeing customers enter store with paper lists

Focus on high-value interactions

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Bonobos provides an online centric customer experience, that is complemented by in-store try-on

Customer Service ‘Ninjas’
Accessible agents are multi-faceted and have autonomy; not just answering phones with a script

Guideshop

1-on-1 Attention
A knowledgeable Guide will walk you through the entire Bonobos assortment.

Find The Right Fit
A Guide will help you find your perfect fit from all of our available options.

Walk Out Hands-Free
A Guide will place your order and it will be shipped directly to your home or office for free.

Returns & Exchanges
A Guide will process your returns in-store and help with any size or fit questions, free of charge.

Online Only
No in-store inventory – all sales through online channel; free shipping and returns

EQUATEUR
At Bonobos, we strive to make great clothing. With Equateur, we tell the stories of the humans who wear it.
Adidas integrates 3D printing and digital tech to make their customer experience easy, convenient, and customizable.

**Window shopping**
View and purchase products at any time with touch screen displays and virtual mannequins.

**Shoe Customizer**
Fully customize shoes—peer critiques, customized fitting sessions, same day shipping.

**Custom Tech**
In-store tech for 3D printing custom shoes and body scanners for custom-fitted sweaters.

**Adiverse**
In-store display to view, customize, research, and purchase items on a touch screen display.
Apple makes the purchasing process fun and easy, while remembering the value of meaningful human interactions

Genius Bar
Meticulously well-trained, passionate employees who can fix phones, answer questions, and manage the entire purchasing process

Town squares
Open and simple floor layout with fully-functional products to play with transforms their store into a place to hangout.

Product Launches
Builds up hype for new products by having extravagant product launch presentations

Classes
Offer private, group, and virtual classes on how to code and on how to use apple products and applications
Amazon provides many benefits for its prime members and uses tech to make in-store and online shopping effortless.

**Prime Now**: Amazon Prime. Free 2-day shipping.

**Amazon Prime**: Unlimited photo storage, books, magazines, audiobooks & more

**Prime Music**: Stream over 2 million songs, listen on any device, and take your music anywhere with offline listening.

**Echo and dash buttons**: Convenient mechanisms for 1-click reordering at home.

**Grocery innovation**: Introducing Amazon Go and the world's most advanced shopping technology. No lines, no checkout – just grab and go.

**Amazon Fresh**: Prime Wardrobe. Try before you buy. Only pay for what you keep. You get to choose. Select from over a million items and great brands for women, men, kids, and baby.

**Prime Wardrobe**: Save up to 20%. Get 15% off if you keep five items, or 20% off five items or more. Free, easy returns.

Try it at

Amazon Fresh

Prime Wardrobe

Amazon Go

Prime Now + Whole Foods Market

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Technology is used to enhance the customer experience wherever applicable

Decouple purchase from location; create a digital playground

Provide personalized service, fueled by AI, whenever possible

Use social media and peer platforms for interaction, promotion, and advocacy

Focus on high value interactions; automate or encourage self service for the rest
Superior digital experience is characterized by a seamless journey throughout all stages of the customer lifecycle

**Choose**

- **Effortless selection**
  - Recommendations (AI)
  - Try before buying/sampling
  - Curated products & subscriptions
- **Peer validation**
  - Peer reviews

**Buy**

- **Meaningful rewards**
  - Rewards for purchase
- **Convenient access**
  - Delivery/pick-up/self checkout
  - No hassle return policy
- **Effortless selection**
  - In-store photos sent to email

**Analyze**

- **Evaluate social media interactions for trends**
- **Perform pilots, use customer feedback for product development**

**Learn**

- **Timely promotion**
  - Push notifications about new products/offers
  - Personalized messaging/campaign
- **Active engagement**
  - Involve customers in advertising

**Use**

- **Active engagement**
  - Events & classes
- **Meaningful rewards**
  - Rewards for device use/brand interaction
- **Self service**
  - Tutorials

**Help**

- **Prompt, effective interaction**
  - Dedicated repair
  - Streamlined service
  - Customer-first
- **Self service**
  - Repair tutorials
  - Peer support

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The future of work and leadership in the digital age

29 November 2017
Superior customer experience increasingly uses the smartphone to tie the customer journey together

- **Enable self service**
  - Payment
  - Account management
  - Scheduling

- **Reward use/interaction**

- **Diagnostics**
  - ID problems automatically

- **Meaningful Interaction**
  - Rapid response to queries & questions

**Smartphone**

- **Chatbots**

- **Geo-fencing**
  - In-app offers, triggers to draw consumers to stores

- **Link in-store experience with on-the-go**

**Home**
- Delivery
  - Fast, low-cost, no hassle returns
- Subscription
  - Monthly offer, surprise & engage consumer
- Peer support
  - In-home peer support, forums

**3rd Space**
- Promotion
  - Billboards
  - Commercials
  - Advertisements
  - Sponsorships

**Shop**
- Digital tools
  - Promote experiential learning, brand engagement
- Classes/Events
- Repair center
- Self checkout
- Concept stores

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The future of work and leadership in the digital age

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