

# **A Digital world expects more**

## **IIM Udaipur Convocation Speech**

**24 th April 2022**

Good afternoon IIM Udaipur graduating class of 2021. I know that the convocation is delayed over a year because of the pandemic but Janat Shah, our Director has kept his promise and is hosting your convocation today. I am really happy to see so many of you here.

You started your MBA on campus, spent the first year there and finished your second year online. Then you started work in a wfh situation and now am sure you are in a hybrid environment whose merits and demerits you are debating endlessly .

When I was part of Nokia, we used to hear the press say that there is a digital divide and we would tell them that digital is a unifier not a divider. If I look ahead , I think digital has a higher power to unite us and in some cases has the power to divide us, but in most cases has the power to get more out of us.

Let us look at a company as an entity and the impact of digital. In 1935 the average age of a company was 90 years, today the average age is less than 20 years. In a future world ,we will see a binary world - some legacy

companies who will be around for more than 100 years and some new age companies which will be around for less than 20 years, these new age companies - they will morph, they will be acquired and many will cease to exist.

What has digital done specifically to impact companies and push up expectations ?

1. It has cut costs in every way, from sourcing to market access, and thus led a price erosion in almost every industry. Companies with high cost structures who didn't change just lost. Digital has given access to the services aspect of a business in a democratic way.
2. Digital has taken out the inefficient middle man or non- value adding middle man like the book seller, the travel agent. So expectations price, of range and of service went up.
3. Location is no longer a constraint to be in any industry. Digital has been the death of distance. Most start ups today serve countries beyond their own boundaries, so cross border trade and expectations are up.
4. Since location is no longer a constraint, companies have the flexibility to rethink their core and what they do and what they can outsource. Digital has enabled the world of outsourcing and this is just

the start. Today we have industries like cell phones where the manufacturing is completely outsourced, we have industries where talent acquisition / branding is outsourced. In many industries, learning and development is outsourced.

5. Thanks to digital the company and its role in society is scanned a lot more. Company policies are up for discussion in every forum. Society expects a lot more from institutions and their leaders.
6. Disclosure is reaching the limits of transparency now as a digital world expects more to be shared by every institution. Some will set the benchmark may will follow and those who do not fall in line will lose their business.

What has digital done to the structure of an organisation?

1. The modern day organization has two role models where it drew its principles - the Church and the Army. Both institutions are vertical hierarchies where the messages and instructions went up and down the hierarchy.
2. Digital disrupts this vertical hierarchy thinking. Digital is a horizontal platform that enables and celebrates collaboration. Digital breaks down the

hierarchy nature of organizations. This specifically means that layers in an organization will trim down. Organisations typically have between 6 to 15 layers and in some cases sub layers. I believe the future organization will do with 5 or less layers. This also implies that spans of control will get bigger. When the management guru Peter Drucker first discussed this idea of span of control in the early 20 the century, he thought a manager could handle a maximum of 8 subordinates. Today we have spans of control of 15 to 20. I had 18 people reporting to me in my last executive role. This places higher expectations on a manager in handling his time and allocating time to the most important activities. Managers will find it challenging to deal with enhanced spans but will find ways to manage it.

3. A flatter organisation also means that employees will spend more time in each role and will not get title promotions or band promotions frequently. Expectations of a company from every employee will move up. A flatter organization also means fewer middle management and senior management roles. So, preparing for senior roles will be the responsibility of the individual.
4. We have seen the matrix organisation evolve over the years, some say it started in NASA, some credit Shell. Wherever it started, digital accelerates the

adoption of matrix organisations. A matrix organisation has to have clear service level agreements between the vertical entities. Speed when achieved horizontally makes an organization agile. Agility will be the idol in the digital temple this decade. Many people mistake the speed of the leader of the organization to denote the speed of the company, and that is just plain false.

5. Digital makes the front end even more important as last mile delivery is the difference between one platform business and another. Execution will become even more important this decade and you already see a fight on the ten minutes delivery and the 20 minute delivery promise.

What does this mean for the individual such as yourself?

1. I don't think anyone will be in a hire to retire mode, neither the company nor the employee. So, you need to be clear whether your skill set and mindset in a digital world is closer to the legacy company way or the new age company way.
2. Longevity and stability is not something companies can promise in a future world. So, your career will be a series of hop skip and jumps or surfing the air currents in the sky or moving from one franchise to the other like they do in the IPL.

3. The responsibility of learning and skilling is squarely on your shoulders. The average life of a management concept is less than 14 months today and hence if you want to stay relevant you need to go for short term certification or small breaks to reskill. You are your own master in a future world, very few companies can guarantee anything.
4. I think you need to stay relevant and you will need to collaborate more effectively. This doesn't come easily at any stage in life but the barriers to collaboration are the least at a junior level, so I would say make the most of it.
5. In a digital world, everything – a company, a road, a bridge, a cat and you are brands. You need to manage your branding well in social media. As you get more recognition people will hold you to what you promised and also what you stand for. See the recent social media commentary on film stars endorsing tobacco related products. So, be careful and be sure of what you post on social media. There are many taboo topics you can avoid and save yourself the hassle of explanation. So, in a digital world, you need to expect more of your own ideals the way you will live up to them. A simple question I want you to ask yourself before you hit the send or post button in digital- is this necessary and are the words correct? Spending that extra second or two helps.

6. A digital world can make you reclusive too, do avoid that, there is no substitute to face to face interaction at all times.

A digital world will be a far more demanding world than where we are today, it will make unique demands on your time, on your language, on your presence and your behaviour.

We have seen attention spans drop, so you need to be more engaging, more forthright, more inspiring. A digital world will draw on your memory reserves. Memory came naturally in a physical world but is not easy in a digital world.

So, the expectations will be more, but so is the fun in delivering against these expectations.

So go and enjoy yourself and I am sure you will do yourselves, your parents, your alma mater very proud in the coming years.

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Mumbai

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