



Leadership Edge

Leadership 2.0 in an AI-Powered Business World

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Artificial Intelligence (AI) continues to disrupt and empower businesses and their functioning. The mental models that leaders once relied upon during the previous 'scarcity' era no longer serve their purpose in this era of 'abundance'. New leadership skills and mental models are required to keep pace with the evolving times and to shape agile teams that meet organisational goals, while remaining competitive. In this write-up, Pankaj Rai, Group Chief Data and Analytics Officer, Aditya Birla Group, shares his 5C framework for leaders to succeed in the AI-powered business world.

We are now living in exciting times and depending on your context, this age can be described in different ways—Industry 4.0, Digital Era, Cognitive Society, etc. Given the varying descriptions, this era means different things to different people, or in other words, here lies the opportunity to solve diverse problems for distinct needs. This is possible as we are able to leverage a combination of diverse, exponential technologies that are being assembled in multiple ways for varying contexts, almost like a ‘Swiss-knife’. The pace of transformation today, with no historical precedent, is multi-dimensional rather than linear and is disrupting every industry sector. Advanced digital technologies such as the Internet of Things (IoT), blockchain, quantum computing, artificial intelligence (AI), and machine learning (ML) have blurred the boundaries between biological, physical, and digital realms. Business processes, human interactions via digital devices, and how we interact with software are now based on intelligently devised algorithms that predict our needs and offer us choices based on real-time engagement with machines. Every new change is hard to grasp and deal with initially, AI and its applications are no different. However, by tapping into AI’s potential and harnessing the collective intelligence of the human mind, we are at an inflection point on our path to create the next big phase of societal evolution.

Evolving Mental Models for the New-age Leaders

To understand how today’s leaders can prepare themselves and adapt to newer technologies to lead efficiently, we first need to understand the broader context of the changing times and derive our approach from there. We have moved from the age of ‘scarcity’ of choices to an ‘era of abundance’. If we go back in time, we had limited choices in everything—be it career, education, entertainment, or even lifestyle products such as appliances, automobiles—you name it, and everything had a handful of options. So, our past mental models only allowed us to take decisions based on available options or perhaps what others were choosing. For instance, while choosing a career path, most of us were thinking about either medicine or engineering as everyone picked up either of the two career paths. Fast forward to the present era, replete with a plethora of options rendering the old mental model of spotting external trends and exercising choice, useless. Today, we need mental models that help us make our decisions on solid convictions, knowing what we truly want, looking inwards instead of looking outwards/following trends.

As all aspects of our lives evolve, so does leadership. Learning to survive and succeed is not new, but accepting transformation and keeping up with the changing technological times while in leadership roles can be challenging. Staying relevant is key and that requires us to supplement our skillset to prepare for a future which will have even more advanced technologies than today. All of us are motivated by a sense of purpose, autonomy to experiment, and have mastery in our area of expertise. Hence, in my view, there are three crucial characteristics leaders need to possess to lead effectively in the fast-changing world:

- **Leading with the “why”:** Leaders need to determine the scope of their leadership vis-a-vis all stakeholders—teams, shareholders, community and our environment, across pre-set timelines, i.e., weekly, monthly, annually or 5-10 years. There is a need to balance the interests of all stakeholders in the long run for delivering results today. Hence, a bifocal approach that allows multiple objective functions that might look contradictory must be reconciled. This requires leaders to reflect and be self-assured about their own values and beliefs that they live by, since that lens will be crucial to their decision-making process and the culture that is created around them. Having a high emotional quotient(EQ) is one of the most valuable skills to have, given our disruptive work environments. It is the ability to recognise and manage emotions for oneself and others, thus improving the quality of human interactions and quickly resolving conflicting situations that may arise among team members. Having a high EQ also reflects the ability of a leader to influence others around them in a positive manner. 
- **Agility:** A leader needs to adapt to the unparalleled momentum of the ongoing transformation to keep their organisation on the path of continued success and growth. For example, owing to availability of infinite choices, the life cycle of a product has been reduced drastically. The Waterfall Model—a linear, sequential phased model where each stage of development depends on the completion of the previous one, is no longer applicable today. It has been replaced by the Agile Methodology that involves constant collaboration with stakeholders and continuous improvement of products, based on customer feedback and insights. Leaders and managers require agile mental models to evolve and develop newer leadership capabilities. In the past, technologies and tools were 

too few and far between, so it was acceptable for leaders to be uninformed of developments taking place around them. Today's leaders must be agile and be able to appreciate these to drive home rapid evolutions. For example, if you are unfamiliar with blockchain and its processes, the emerging trends in quantum computing, or what all AI can do, your ability to comprehend and drive the change will be limited.

- Ensuring the right culture:** As an organisation, you may have the best of ideas and even the best technology to execute these, but how can you make it a continuous process, a habit for teams to follow diligently? That is where a leader must step in and create a culture that allows flourishing of ideas, experimenting, and even rewards lessons learnt from failures. It also means ensuring that the team is asking the right questions to know they are on the right path and being aware of the kind of career path intervention your employees would need. A leader has to ensure the availability of funds and resources to support profitable ideas from the team and have appropriate review mechanisms in place.



Thriving in an Advanced Technological World

Technology is the quintessential means to an end—it generates value with its usage along the way. Advanced digital technologies boost productivity, stimulate growth, and create economic value by challenging the status quo and disrupting our existing business mindset. To step into the future and thrive, we ought to be open to sharper strategies and efficient operating models, i.e., operate with a 'systems thinking'¹ mindset, ensuring we drive long-lasting business



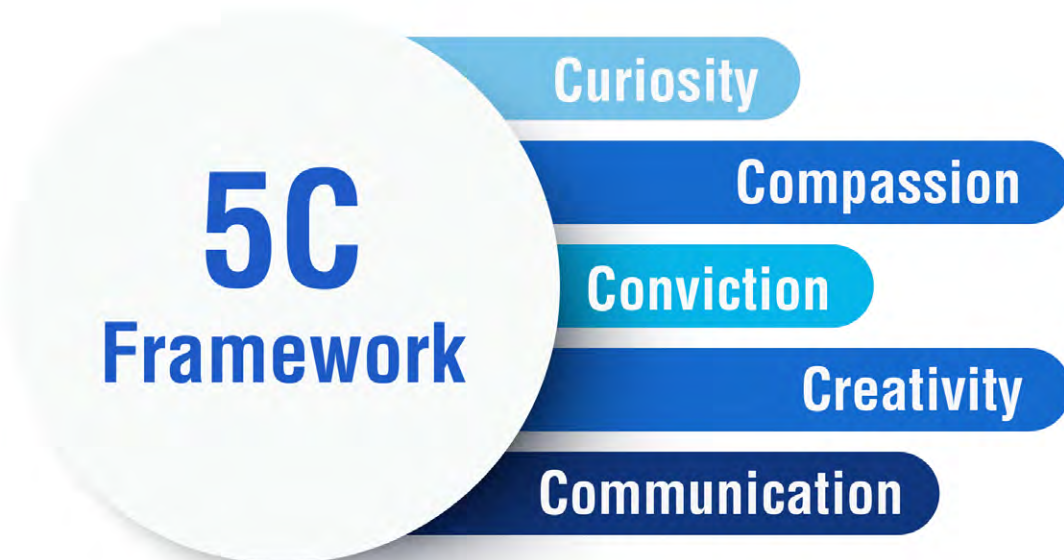
transformation as a culture. In order to do that, there are three layers that need to be considered which facilitate a seamless transition for organisations moving ahead in this direction. These are—strategic, operating model, and technological. While

¹Systems thinking is a holistic way to investigate factors and interactions that could contribute to a possible outcome.

the strategic layer is about understanding what you are trying to do as a business and how to meet organisational goals (the why), and deploy growth metrics, the technological layer is about leveraging the available tools and capabilities to achieve all this (the what). The operating model layer (the how) is the glue that binds the other two and is a crucial link for implementation. For example, the right mix of human resources, talent, skillset, funds, governance, performance metrics, are some of the tools needed to achieve organisational goals.

Leadership 2.0—The 5C Framework

The path to effective leadership in the times of AI is as much about people and processes as it is about technology. As newer technologies sweep through our personal and professional lives, the very fundamentals of leadership need to be reconsidered, from the standpoint of strategy on how best to deploy technology to improve customer experiences and empower human resources. To prepare for the future, you need a right blend of positive attitude, behaviour, and perspective. Hence, I encourage a 5C framework—Curiosity, Compassion, Conviction, Creativity, and Communication, to facilitate this.



Curiosity: Being curious expands your perspective and fuels new ideas, leading to a path of innovation. The human urge to seek new information, experiences, and explore endless possibilities, is one of the most powerful traits. For instance, driverless cars became a reality only due to curious minds at work.

Compassion: Curiosity cultivated well can lead to thinking about the entire ecosystem, i.e., communities, environment, etc. This attribute of late has been on a decline and counter-intuitively something that the world needs more of, since all global issues, be it climate change, terrorism, or platform economies,² etc., require collaboration.

Conviction: In the past, we lived in the era of scarcity, as mentioned earlier. Today there are infinite choices, and irrespective of the choice we exercise, there is always a nagging thought that one could have done better. This often leads to unhappiness, dissatisfaction, and even a rise in mental illnesses. Therefore, we must believe in ourselves while we make choices through adequate research and self-assessment, and not compare ourselves with others. In future, those who can develop conviction are likely to be more successful and happier. Ideally, curiosity and compassion should aid forming your conviction, i.e., where can I contribute the most basis my skills and interest derived after experimentation.

Creativity: The fourth key attribute is the need to be creative, to navigate and stand out in the crowd and noise. Rather than one or two core competencies, today we need a 'Swiss-knife' range of skills to thrive. The right combination of skills is required to define and solve problems creatively. For example, in addition to process management, skills such as design thinking, automation, AI, ML, blockchain, 3-D printing etc., help solve problems faster. Usually, our conviction also leads us to be more creative, so this fourth C is an ideal next candidate in this continuum.

Communication: It is essential to communicate about the work we do. Communicating with others allows us to share, gather inputs, and complete the much-needed feedback loop. For example, if you are launching a product, you need to communicate about it to your customers, who will provide feedback to improve it further. And when you get the feedback, it fosters your curiosity to return to the game again. So, it becomes an infinite loop of constant reinvention and improvement.

²Platform economy refers to the economic and social activities facilitated by platforms that are typically online matchmakers or technology frameworks.

Need to Develop a Giver Mindset

To improve ourselves as leaders, we must change our thinking drastically. Learning is never-ending, and one has to keep pushing the boundary constantly. As David Deutsch said in one of his books, *The Beginning of Infinity*, “Knowledge and science are never whole... they are ever-expanding”. We need to be able to criticise and conjecture. While many of us criticise, only a few reach the conjecture stage. Our knowledge and, thus, learning expands only when we challenge the status quo. To stay relevant, we need to develop a critical mindset, not to downplay an idea or an individual but to expand our knowledge, improve our thinking, and eventually become better in all aspects of our lives.



Another aspect that we must shift from is the “go-getter” mindset. From childhood, we are trained to achieve our goals quickly and get ahead at any cost. Over time, this go-getter mentality has resulted in the dilution of its original intent, which was meritocratic. We need to promote its inverse ideology—instead of a go-getter, we have to be a “go-giver”. Only when we give what we have learnt to others—sharing knowledge and learnings—can we also get the same in return. So, to have a fruitful equation with your team, you must be a giver as a leader. Having a giver mindset also implies including others in our thought process by being considerate and sharing. Being a giver doesn’t mean you don’t get anything in return. Reciprocity is a powerful principle that we see all around us.

Conclusion

In this new and dynamic environment, business leaders must champion the cause of change within their teams as well as organisations to mitigate the gap between old and new work realities. Overall, navigating a career path for anyone in this digital age is a complex process. Here are some broad takeaways that will help you in your journey:

- We are moving into an age of continuous reinvention, where old decision-making models must be upturned.
- The future belongs to those who collaborate, which will be the central theme for growth and progress.
- Soft, behaviour-focussed skills, and attitudes will be much more relevant than hard skills such as analytical, marketing, and project management, which eventually will become automated. There is a greater need to focus on the 5Cs to guide our work and life.

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