

# Editor's letter

## Special issue: leading in the digital era:

- Leading the experience ecosystem revolution
- Strategies for the new breed of "AI first" organizations
- Managing the artificially intelligent firm
- Mastering organizational agility for digital transformation
- Principles shaping digital strategy and leadership
- Seizing the data advantage

Why is leading in the digital era different from what worked in the past? Because now business must be capable of continuous, rapid innovation, which requires digitally connected talent networks. Now innovation must deliver instant, intimate, frictionless, incremental value at scale, which requires digital connectivity with customers and all parts of the value chain. Now value is determined by informed, digitally connected customers with dynamic jobs to be done and global access to alternative offerings.

To make this all happen businesses are learning to use Artificial Intelligence and a cluster of related technologies including machine learning, neural networks, Big Data, Internet of Things and cloud computing. So companies need strategies to effectively and productively employ digital technologies to learn from markets, to stay connected to customers, to assess a technology's potential, to monitor innovations and customers' experiences with them and to listen to feedback from all stakeholders. Developing, adapting and profiting from those strategies requires a leadership focused on discerning genuine opportunities to serve customers and supporting and connecting the talent to deliver value.

Mottoes for the modern leader: "Ask don't just tell." "Connect, collaborate, communicate." "Make yourself at home with the customer." "Unlearn. Rethink. Relearn." You can craft others from the articles in this issue.

- University of Michigan professor Venkat Ramaswamy, co-author of *The Future of Competition: Co-Creating Unique Value with Customers* (with the late C.K. Prahalad) introduces the concept of "**Leading the experience ecosystem revolution: innovating offerings as interactive platforms.**" His insight: "Every enterprise is now faced with the challenge of learning how to create valuable impacts of experienced outcomes through smarter, connected offerings and the networked interactions of individuals."
- In their interview, Harvard digital strategy experts Marco Iansiti and Karim Lakhani discuss "**Strategies for the new breed of 'AI first' organizations**" with *S&L* Contributing Editor Prof. Brian Leavy. Their insight: "'AI first,' a new breed of organizations, is transforming our economy and defining the emergence of a new age."
- In his article "**Strategically managing the artificially intelligent firm**" Dirk Nicolas Wagner, Professor of Strategic Management and Dean of the Faculty of Business Economics and Management at Karlshochschule International University, Germany, offers a guide for rethinking and redesigning business strategy for the artificial intelligence era. His finding: "Because AI can only work effectively when the domain expertise of a company

monitors the huge volume of information required, creating context for AI becomes part of the purpose of the organization.”

- Agile guru Steve Denning’s article “**How software developers initiated management transformation**” explains the revolutionary change at the bottom of the leadership pyramid. “Software developers, because of their interactions with customers, often knew more about the customers’ job to be done and the problems that needed solving than top management.” And so, “Software development went from being a drag on organizational performance to being a key driver of success.”
- Leadership expert, Amit S. Mukherjee expounds upon his “**Seven principles shaping digital strategy and leadership**” in an interview with Prof. Brian Leavy. Prof. Mukherjee’s advice to leaders: “Recognize that in the digital world you must primarily be the connector of people and ideas, not their approver or decider.”
- Based on interviews with more than 2,000 top executives, IBM consultants and researchers Saul Berman and Anthony Marshall and Kazuaki Ikeda of Waseda University identified a small group of enterprises using digital technology to make smarter business decisions, build stronger ecosystems and experiment with new business models. They offer a set of action guides in their article, “**How leading CEOs drive a differentiating advantage through AI, data analytics and insight.**”

Good reading,

Robert M. Randall

Editor

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