A Lot Will Change—So Must Leadership

By Diana Dosik, Vikram Bhalla, and Allison Bailey

Before the coronavirus struck, it was already clear that winning the '20s would require approaches to business fundamentally different from those of the past. Becoming a bionic company, one that unleashes the full potential of people and technology, was already becoming an imperative. The COVID-19 pandemic seems only to have accelerated the need for this transformation. In order to survive, thrive, and compete successfully, companies now have only two years (or less) to get to where they might otherwise have hoped to be in five.

Of the many pressing demands on leaders, transforming their companies to adopt a new, "bionic" operating model may be the most urgent and will require them to lead in new ways. A lot will change in the world and so must they.

What do leaders really need to do—what really needs to change—as they transform their companies to become bionic in the post-COVID world? We see four imperatives. Leaders must rethink the art of the possible, they must move from managing to enabling, they must harness the full power of technology, and they must translate purpose into action. (See the exhibit.)

Imperatives for the Leaders of Bionic Companies

Rethink the art of the possible

- Set imaginative aspirations and a bold direction
- Fail fast, scale fast
- Win with others

Move from managing to enabling

- Nudge for the right behaviors
- Lead by doing
- Hire for character, train for mastery

Harness the full power of tech

- Insist on tech fluency
- Unleash transparency through technology
- Understand the balance between humans and technology

Translate purpose into action

- Be the purpose champion
- Bring your humanity to work
- Personalize purpose for your people

Source: BCG analysis.

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Rethink the Art of the Possible

Technology creates new possibilities. With the exponential changes that surround us, it is imperative for a company to embrace these new possibilities, not just as a cost lever but as a means of breaking compromises. It is critical that leaders direct their teams to really reimagine the future.

Set an imaginative aspiration and bold direction. To develop a truly bionic company, leaders must envision new and ambitious operating models with technology at the core. That means reimagining how work gets done and what gets delivered. Netflix was a very early example of this, envisioning a digital future for entertainment that the rest of the industry scoffed at (and that some companies eventually paid a steep price for dismissing) and then setting a bold course toward that goal.

Similarly, bionic companies start from tomorrow and work backward, not from today forward. One of the CEOs we know said, "It's not about tech replacing people. My job and that of my leadership team is to think of new questions and new problems that we can now solve with people and tech together. That is the game. That is my job."

Fail fast, scale fast. Leaders need to create an environment in which it makes sense not just for individual teams but for the company as a whole to fail fast and learn. The idea of failing fast has been fashionable for some time. What many leaders miss is the idea of scaling fast.

Once ideas or products start to gain traction, leaders need to make sure that they move beyond pilots and are scaled so they can have an impact on the market. That means making a decision based on imperfect information and investing boldly behind it, taking a portfolio approach on a few significant bets. Amazon has codified this bias toward action in one of its leadership principles—"We value calculated risk taking"—which the success of one-day shipping through Prime and Amazon Web Services amply illustrates.

Win with others. Business is often conceived as a zero-sum war against competitors, but for bionic companies it is much more valuable to focus on finding win-win scenarios and opportunities for reciprocity. Understand not only what your company can deliver to customers, but what it could deliver to other members of an ecosystem as a partner, supplier, source of talent, or convener. In some cases, even direct competitors can create such arrangements, as North Face and Patagonia have done in their shared bid to promote conservation. One CEO put it this way: "It is incumbent on me to have a view to lift my whole industry and all our partners. I can't win in a barren desert."

Move from Managing to Enabling

In a bionic company, where technology performs many routine tasks, the most important human contributions will be creativity, cooperation, ethical and business judgment, and an understanding of context. In order for employees to bring these skills and contributions to their work, they will need to be engaged very differently. It won't be enough to just direct them to perform the narrow tasks in their job descriptions. Leaders must work to enable their people to bring their full potential to the job.

Nudge for the right behaviors. Culture and behaviors that align with that culture are critical in any company. Often this alignment requires the use of traditional levers like compensation, the allocation of scarce resources, and the selection of people to fill specific roles. But in a bionic company, it also means leveraging technology and behavioral science to strengthen the needed behaviors. Leaders must use real-time reminders, gamification, rapid feedback loops, and other nudge tools at scale to transform culture and individual behaviors and cement desired habits over time.

In India, for example, early-childhood education is often delivered by teachers with very limited formal training or oversight. A government client wanted to make improvements, but retraining teachers or hiring new ones would have been a herculean task requiring significant expense. Instead, the leaders of the effort took the time to understand the behavioral changes that needed to be made. They then had an app designed and installed on each teacher's phone that included simple features such as a calendar of daily activities, videos demonstrating the way each one should be performed, and a point system in which teachers could compete to rise on a shared leaderboard. This use of nudges, gamification, and positive feedback reshaped teacher behavior, increasing the time spent on learning activities by 60%, with 74% of teachers logging on daily. As one leader put it, "We helped them exactly where they needed it—in the classroom."

Lead by doing. The idea that "leaders lead, managers review, doers do" no longer applies in a bionic company. Leaders need to be involved with the teams driving innovation and with the people interacting with customers so that they can play a firsthand role in shaping and speeding up the change journey.

In one health care company, senior leaders stopped holding their traditional monthly reviews. Instead, they started visiting team rooms, sitting in on morning meetings, and talking directly with customers, which energized the staff and significantly reduced communication overhead. As the CEO told us, "I don't wait for the review where it's backward looking. I get out there with the team so I can share my vision where the work is happening."

Hire for character, train for mastery. In a bionic company, it's especially important to hire for the intangibles: integrity, good judgment, creativity, and entrepreneurialism. "Apart from some core skills, I look for the integrators, the disruptors, the innovators, the steadfast deliverers. We need all of them," said the CEO of an insurance company.

At the same time, the bionic company must learn to reskill at scale and build T-shaped skills: a broad base with one deep area of expertise. A leading consumer goods company redefined its career paths so that every step helps build the critical skills needed for future leadership. To accelerate learning, the company ensures that leaders are regularly given new roles in new settings with new teams. It has also partnered with several learning providers and curated a learning offer for leaders using technology to enable the adequate scale and personalization.

Harness the Full Power of Technology

Leaders of a bionic company need to get beneath the surface of buzzwords like "digital" and "technology," not necessarily as technologists but as navigators and advanced users. They need to know how to make bold decisions and use the power of technology to reshape their leadership models.

Insist on tech fluency. At one Asian conglomerate, top leaders working from home during the pandemic were tasked with completing an advanced learning program, delivered by leading academics and practitioners, on technology, geopolitics, and behavioral science. The program was part of a curated leadership learning series delivered entirely remotely. Those particular topics were chosen because leaders need to be able to speak knowledgeably and persuasively about digital technology, AI, behavioral psychology, and cognitive science if they are to leverage experts, bring an interdisciplinary perspective to teams, and refine strategy in response to new developments.

Leaders also need to build credibility through action, which means experimenting with cutting-edge tools and ways of working instead of hewing to older methods because they are more comfortable. Leaders who do this will set a standard for tech fluency that will help the company attract young talent, retain senior experts, and move their companies forward.

Unleash transparency by using technology. Leaders must leverage technology to build systems of information and transparency. When a lot of information is easily available, the bar can be raised on how much teams are expected to use it on a regular basis. For instance, they can use information to course correct more frequently, to identify a broader cohort of people to help find creative solutions to tough problems, and to increase people's confidence that the company is making ethical, data-based decisions.

When a financial institution that wanted to spend less on travel published data on travel expenses by team, it raised expectations regarding people's responsibility to learn from those who had spent less. When another institution published salary levels, issues of pay equity were exposed that the company was then able to address, increasing employee confidence in its commitment to fairness. And when an agricultural company released 12 of its key challenges to an external "crowd" of thinkers, each was solved within a year—including one breakthrough solution from a scientist outside of the agriculture field.

In the past, transparency involved significant cost and needed to be traded off against the work of codifying and disseminating information. That tradeoff has been broken, providing leaders with a significant potential advantage.

Understand the balance between humans and technology. New technologies hold tremendous promise, but they are not a panacea and they do not function on their own. They have no ethical bounds or common sense, and they can turn small mistakes into colossal collapses owing to their scale and efficiency. Recall, for example, how the failure to notice the implicit biases of AI in recruiting led to a disproportionate focus on stereotyped profiles. It is imperative that leaders retain their responsibility to understand what technology can and cannot do. Leaders need to take advantage of what technology has to offer and complement it with human judgment, so that both are used to their fullest potential.

Transforming their companies to adopt a new, "bionic" operating model will require leaders to lead in new ways.

Translate Purpose into Action

In the transition to the bionic company, purpose matters more than ever. It is the glue that helps integrate all the elements described in this article. As employees grapple with uncertainty and adjust to major change, leaders are called upon to communicate with clarity, to provide continuity, and to empower the organization with a sense of purpose. And they must translate that purpose into action.

Be the purpose champion. Leaders must speak loudly and often about why the company exists and why employees should dedicate their professional lives to its success. They give voice to the choices that can and should be made in order to live the company's purpose—such as the uncomfortable tradeoffs involved in valuing quality over speed or environmental friendliness over ease of execution.

Bring your humanity to work. It's important that leaders leave behind such leadership stereotypes as the "confident decision maker" and the "leader from the front." What employees and others are looking for is an authentic and fully accessible human being. This means sharing much more of yourself—and not just your successes—with many more people. Leaders must engage with their teams and act with compassion and understanding. They must make themselves more visible, available, and accessible through demo days with teams, joint working efforts, and live brainstorming sessions. Several leaders see an opportunity in the current challenges. As one executive explained, "Technology and new ways of working can be an advantage here—leverage technology to have more two-way conversations, more direct outreaches, seeking and acting on feedback from a much larger population than was practical previously."

Personalize purpose for your people. Only if purpose is authentic and directly affects employees' roles and teams on a daily basis will they connect to it emotionally and want to live and advocate for it every day. That requires making purpose real through commitments that are tangible, trackable, and felt by employees at work and in their personal lives.

One company that has worked hard in this respect is Unilever, which tracks not only its own progress against purpose but also how connected people feel to that purpose and its impact on their performance. The company's CEO recently revealed that 92% of employees who say that they're able to live their purpose at Unilever also say that they are inspired to go the extra mile for the company.

Becoming a bionic company is a multiyear journey. Especially in the post-COVID world, such companies will be highly advantaged, but they require a new kind of leadership and a significant leap beyond the old paradigms. Fortunately, new beliefs and behaviors are often forged in crisis. Leaders who approach the post-crisis world with an eye toward developing these new attitudes and habits will not only be better able to successfully navigate the immediate aftermath of the pandemic, they will also be better set up for a bionic future.

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