



The Digital Transformation: A Primer for Mexican Consumer Companies

Spencer Stuart recently met with several consumer goods and retail CEOs in Mexico, and we discussed the challenges of leadership in a world that's undergoing a sweeping digital transformation. As a result of this discussion, the Spencer Stuart team has suggested four key takeaways for consumer company leaders:

- » Rethink consumer relationship building using digital channels,
- » Commit to innovation and be prepared to try new ideas,
- » Stay curious and continually learn about technological change and consumer behavior, and
- » Be aware of the challenges that come with guiding an organizational culture toward innovation and digital cooperation.

BRIDGING THE CULTURAL AND TALENT GAP

Participants shared some of the challenges they face in their own digital transformation, including:

- » Identifying and recruiting the right talent to lead the decision-making process, given the large amount of data available. It's difficult to find executives who can process this data using advanced mathematical tools, while at the same time developing forward-thinking business recommendations.
- » Bridging the generational gap within boards, where some members may not have much digital experience. As a result, they may not understand or support innovation initiatives, even on a small-scale basis.
- » Convincing work teams — which may have built up considerable experience and performance on the traditional side of the business — that innovative digital solutions can further leverage their results. It is common for such teams to have already developed strong work processes, as well as their own culture, and they may feel threatened by changes they can't control.
- » Remembering that the pressure to provide prompt responses to clients, consumers, retail partners and other stakeholders could lead to sacrificing “exact” for “immediate.” Consequently, executives must learn to tolerate a level of uncertainty or ambiguity in the decision-making process, which makes many leaders uncomfortable.

Clearly, it's difficult to find professionals who are prepared to tackle the most advanced issues of digital transformation. But based on our discussion, we learned the cultural disruption may be a bigger problem for many organizations.

BRINGING THE INNOVATION CORE CLOSER TO COMPANY LEADERSHIP

To promote a climate of innovation, some companies have begun to build teams that are responsible for challenging the status quo and creating new ways of doing business:

- » One major retailer hired a team of new executives, with a variety of backgrounds and ages, and put them in charge of developing innovative solutions. The CEO set one rule for the team: they were free to generate ideas and experiments, but they had to set up businesses that provided a return on the team's total expense. In less than a year, the team had begun a mobile customer loyalty program, bypassing loyalty cards and other more traditional methods.

- » A leading international beverage firm has brought together a group of millennials who work throughout the organization and report to the CEO every month with innovative digital ideas. These workers are responsible for concept or pilot testing of new initiatives, as well as presenting results to help decide whether to proceed with an investment.
- » A retailer with various divisions hired a few mathematical analysts (sometimes called “quants”) to review their databases using Big Data concepts. One of the business unit directors, who has a background in engineering and business, works directly with this team, pinpointing questions through analysis and interpreting the responses from the quant team. This led to quicker and more relevant conclusions for the business as a whole. It took up time he could have spent on his division’s operation, but in the bigger picture, it extracted maximum value from the company’s available Big Data.

From these examples, we can conclude that digital transformation initiatives need to be brought close to company leadership in order to succeed. We also learned that teams in charge of innovating need the freedom to truly modernize, with little commitment to the company’s existing legacy. Lastly, goals, timeframes, follow-up routines and clear success criteria must be established to make sure there is a real return on investment.

DEFINING THE CEO’S ROLE

As if the CEO’s job was not complicated enough, it now includes aligning the organization’s entire culture to seek out more opportunities for learning and experimentation. And it has to be done while maintaining the ongoing effort to generate value in the company’s core business, as well as supporting and motivating the leaders who drive the day-to-day results.

SPENCER STUART AND CULTURE

At Spencer Stuart, we believe an organization’s culture can help or inhibit the results of the most brilliant strategies. This is a lever that many leaders find difficult to manage, but boards and executives can build on their company’s value if they understand the existing cultural aspects and actively strengthen the traits that support its strategies — particularly when the company is in need of profound transformation.

Spencer Stuart’s proprietary culture model and diagnostic tools help business leaders define how to support their strategic imperatives and strengthen them within the organization. Spencer Stuart’s clients have successfully applied these elements in turnaround situations to boost growth, bring about a radical change in leadership and integrate cultures following a merger or acquisition.

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ABOUT SPENCER STUART

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

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