Executive Letter

The Challenges of Digital Leadership

Os Desafios de uma Liderança Digital

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We are a Franco-Swiss group that has been operating in the country for 32 years in value chain of the integrated services of human resource for the largest and main companies in the country. We operate in Brazil with four independent brands: Adecco, LHH, Spring, and Pontoon. Each brand offers a wide range of services ranging from the traditional recruitment and selection, including hand outsourcing specialized work, to varied assessments, even executive coaching for level C leaders, with approximately 500 employees and offices in most capitals. We estimate the size of this market at twenty billion Brazilian currencies (Grand View Research, 2020). It is a very competitive sector that counts with big global players with integrated solutions up to small, extremely specialized boutiques.

We were impacted by the pandemic, as were our main customers. Together with some, we experienced a staggering growth, since these customers suddenly had to expand the scope of their activities, increasing production and distribution — for example, food producers, agribusiness companies, logistics, and e-commerce. In other sectors, we faced the other side of the coin, that is, a total standstill —

for example, as seen in hotel chains, air companies, and intercity road transport. Even though we had followed events at the beginning of the pandemic in our operations in other countries, such as China and Italy, we have underestimated the speed and size of everything that would happen in Brazil. The decision and action to close our units in mid-March was a process quickly implemented, but at that time still having no idea what was going on and what would come to pass. We have followed different customers acting in different directions. Some adopting rigid protocols, bringing the workforce to the home office, and others doing nothing, believing it was another winter flu that affected some European countries. As a company that provides services and consultancy to many companies, we have a privileged position in verifying the movement and direction that each customer takes in different contexts. It is relevant to observe that we have identified a few companies doing emergency training, adopting security protocols, adapting factories processes, adopting distance between employees, and equipping homes for remote operation.

This sounds familiar and obvious to us today, however we noticed this in December 2019. It seems to us that some value chains knew the exact size of the seriousness of the problem and that the epidemic quickly would turn into a pandemic. This situation provokes us to a reflection on the relations of interdependencies between companies, governments, and international institutions in search for more efficient and decisive communication. Could it be that if there were protocols and/or alert levels to be jointly operated by a network of institutions, a greater number of players, in bloc, would react in a faster way, forming opinions in global markets and creating herd effect? Does the natural disarticulation and market complexity translate into competitive differential for those organizations with information privileged? Even when the result is the potential loss of human lives?

We dare to believe it would be prudent to investigate forms of alert and strict protocols from global actions, non-questionable when triggered, whether by nations, leaders, or stakeholders — for example, when there is a pandemic. I imagine a 'shiny button' that, when pressed, everyone would understand immediately. The chances of new viruses emerging are real and if, by illustration, nations and institutions agreed on a protocol for immediate accession, perhaps the world could react and fight the problem in a systemic and relentless way.

Going back to our local reality, by adapting all our services to be delivered digitally, we faced some challenges in operational management. How to evaluate the performance and commitment of the entire team that works from home? How to know if the employee is being productive? How to ensure the engagement of customers who participate in our software? We also seek to understand the reality from our customers, and we heard from some leaders the curious expression: "How do I know if my employee is not watching a movie on Netflix throughout the day? How to know if they are being productive?" We realized in our business that leadership and management skills needed to deal with a different degree of autonomy and trust. Employees working remotely started to have a lot of autonomy to carry out their daily activities and the interaction between teams and chief subordinates has changed in form and intensity. Knowing 'what' to do, the employees started to have total interference in 'how' to do. As an illustration, in our group we have the monthly discipline of holding meetings to monitor monthly results and indicators. With the whole team working in isolation, we could run the risk of becoming deviate from the objectives due to loss of productivity and only find out at the end of the month. We were unable to see or make tangible the productivity that we once perceived in face-to-face interactions at all levels of the organization. With considerable anxiety, we started to perform weekly meetings, and in some cases twice a week. We ended up realizing that we created an overload of work for all teams, unbalancing deliveries and activities with excessive performance monitoring meetings. We observed the same phenomenon happening in other companies, affecting the capacity and quality of leaders.

Diametrically opposite, we realized that the communication speed and breadth were been extremely amplified using virtual meeting technologies. As CEO, I invested a lot of time in interactions with my direct team before the pandemic, trying to ensure understanding of day-to-day strategy and tactics so that they could deploy the shares with their respective teams. This would be a traditional process of communication in organizations that respects hierarchies. With the reality of remote work, we found that we could communicate with the entire organization in different formats. Pass messages and guidelines for operation without going through different levels. I felt that the quality of the communication depended on my spirit, inspiration, and intensity and that my rights started to be equal to the rest of the organization. Clearly, the communication power of the virtual leader was being expanded by digital channels and videoconferencing technologies. I received many feedbacks about meetings that were good and others that were not so good. On a certain day, a dear employee even suggested training with a famous youtuber. At that moment, in addition to feeling exposed, I reflected on the communication skills that a leader should present and how beneficial a slightly more super or popstar style would be, which would be very different from my essence. We can identify strengths and weaknesses in the issue; however it is undeniable that the quality of communication has become fundamental in the virtual world and the skills required are different from the traditional ones that leaders usually use in their daily lives. Some great leaders use a humbler leadership style and in some cases are introverts. Will this style be compromised in a context of empowered digital communication? What would be the necessary adaptations to leadership development programs in a digital context? What impact does CEO communication have at the bottom of the organizational pyramid in this scenario? Does it translate into engagement? We can also inquire whether the quality of employee engagement in remote work will have a different impact on performance. Which leadership style is most appropriate in massive interactions on digital channels?

Using our internal research tools of climate and engagement, we found that a large part of employees perceived a closer performance of my leadership. Qualitatively, we identified that people perceived greater proximity, greater attention, and were much better informed about everything that happened and aware of the main decisions. I remember of comments like: "Despite the distance, I have never felt so much a part of the company's management." We can raise some propositions from the observation of these facts. Will the technology of communication channels

make the organizational hierarchy irrelevant? Will direct communication from the top to the base allow the reduction of hierarchical levels? Are we facing a real trend in the flattening of the organizational pyramid?

Many believe that they were digitized during the pandemic isolation. A closer look would tell us paradoxically that we in fact reframed the human essence. We changed the way we interact, consume, and enjoy life, and all of this has brought profound transformations in exercising leadership.

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