Digital Intelligence

How Digital Intelligence can help you manage your information load, generate new opportunities and create business value.

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Today, economic activity is dominated by the flow of information rather than the flow of material goods. Yet in the face of a digital revolution many knowledge workers persist with outdated information management processes. As a result, Google estimates that knowledge workers spend about one third of their time looking for information, and not always successfully.

What is needed is a new type of intelligence to help us navigate the challenges and opportunities of Digital Business: Digital Intelligence is intelligence for the 21st century. It is a competitive advantage that will allow us to manage the challenges and take advantage of the opportunities that digital technology is creating.

About *the author*

Simon is passionate about creating a better world through digital technology. He believes that technology gives us superhuman abilities when it comes to shaping our future and we need the know how to use these abilities wisely.

Through his work he has influenced individuals and organisations across Australia to engage with emerging digital technologies in more effective and purposeful ways.

Simon's unique perspective is built on his extensive business experience. He has held roles in everything from sales to business improvement, management and strategy development. He has worked in organisations with 5 employees to 50,000 employees. He holds a Master of Business Leadership, post-graduate qualifications in Futures Thinking and a long time ago he even completed a Bachelor of Commerce.

Simon has also written a book, *Analogosaurus: Avoiding Extinction in a World of Digital Business*. You can find out more about Simon and his book at simonwaller.com.au.

Digital Business is here

This is a turning point in human history. Today, economic activity is dominated by the flow of information rather than the flow of material goods. The Information Age has seen increasingly sophisticated technologies leave almost no industry untouched. In 1993, only 3% of the world's recorded information was stored digitally; by 2007 that had risen to more than 94%[1].

As a result of this there has been a significant shift away from 'doing work' or the making of material goods, towards 'thinking work' or the creation and sharing of information and ideas.

The rise of thinking work has coincided with the growth of digital technology. In fact the two have a synergistic relationship. By allowing us to manage, manipulate and share information faster and easier than ever before digital technology has become the foundation of thinking work.

We are now entering a new era of Digital Business. In the early days, Digital Business was focused on marketing and customer engagement, but digital tools are increasingly impacting everything from design to decision making and consequently this is having a big impact on financial success.

Research published in the MIT Sloan Managment Review On average, organisations with a high level of digital maturity are on average 26% more profitable than their industry competitors. Perhaps more worrying, Digital Beginners (who have a low level of digital maturity) have an average profitability 24% *below* their industry competitors[2].

Digital technology is changing the business landscape at an unprecedented rate. It is creating extraordinary new opportunities to improve productivity, effectiveness and work/life integration. At the same time it is creating challenges in regard to security, information overload and the expectation of 24/7 connectivity.

More than ever before CEOs, executives, consultants and business owners need to understand how digital intelligence can be applied to improve effective and ultimately profitability. After all, we will never have less digital technology than we have right now.

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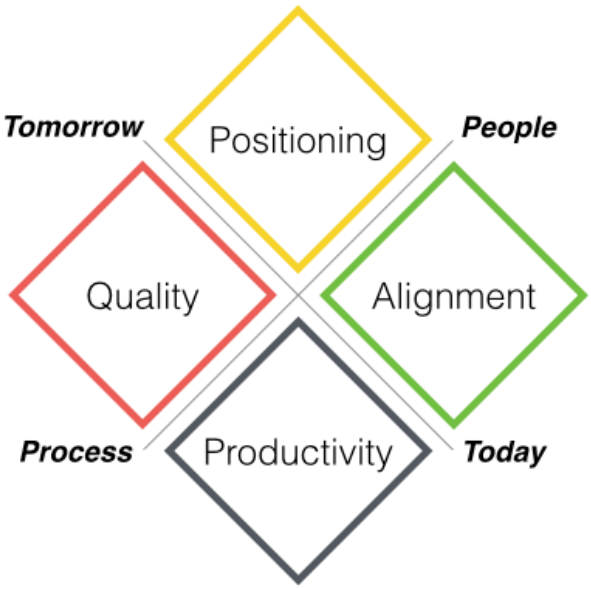
[1] M Hilbert, P López (2011) The World's Technological Capacity to Store, Communicate, and Compute Information, Science 332(60).

2 Capgemini Consulting and MITSloan Management (2013) The Digital Advantage: How digital leaders outperform their peers in every industry



The value of thinking work

If thinking workers, or *Thinkers*, are going to continue to be relevant in an era of digital business they will need to understand how digital technology is impacting the value of what they do.

One way of looking at the value generation of thinking work is in terms of timeframes and activity. Thinking work often involves two competing timeframes, the work that needs to be focused on today and the forward looking and awareness building work for tomorrow. Thinking work also generally involves two types of activities, people focused activities and process focused activities. At the intersection of these four elements we find four drivers of value for thinking work.

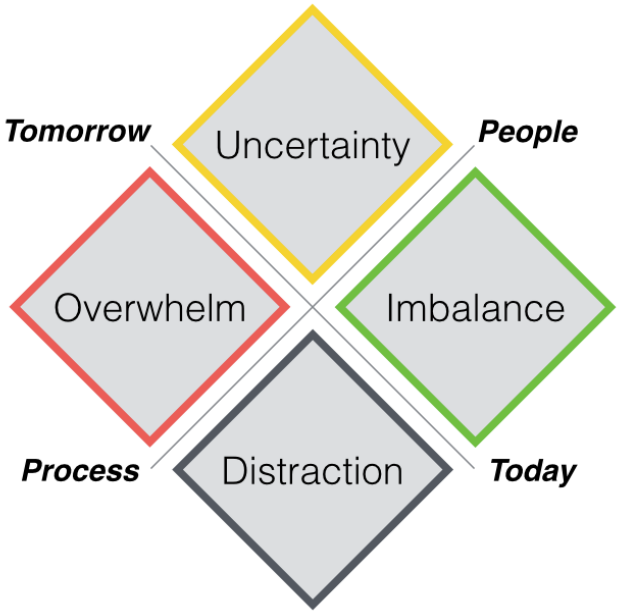
Productivity is the amount of work you are capable of getting done in a given amount of time. Productivity is driven by both the speed with which you can get work done and the amount of time that you can do it in.

Quality is a result of the knowledge and expertise that you can bring to bear on you clients problems. Delivering consistent quality is normally as much about robust processes as it is about what you know.

Alignment is about having a customer focus. It is ensuring that the work you deliver is aligns with your customers problems. Alignment is a result of regular engagement and strong communication.

Positioning is the key driver of future value. It involves developing awareness and identifying trends and then ensuring you are known for solving your clients emerging problems. Positioning provides your funnel of future work.

Although these four drivers are relatively stable, as digital technology impacts on each of these areas the value proposition of thinking work is changing quickly. In each case digital tools offer both a challenge and an opportunity. In the next couple of sections we are going to look at these in more detail.



The challenges of business in a digital age

For consultants, executives and others who do thinking work, the challenges of digital technology are often more visible than the opportunities. This is because our established ways of working are being overwhelmed by the deluge of information that digital technology brings.

Many people persist with outdated processes for managing information (because that is what they have always done) rather than embrace digital technology and the opportunities it offers.

These people often find their information tanks have reached capacity, so any new information spills over the top and is lost. The impact often extends well beyond the job and its normal working hours, overflowing into personal lives and wellbeing.

Maintaining Focus

Many knowledge workers struggle with maintaining focus on core tasks because of the information load they need to manage and the distracting nature of many digital tools. Unfortunately, the distracting or attention sapping nature of many digital tools is considered a design feature, especially with digital tools that are marketing or ad supported. This competition for your attention is described by American economist Herbert Simon:

> *...in an information-rich world, the wealth of information means a dearth of something else: a scarcity of whatever it is that information consumes. What information consumes is rather obvious: it consumes the attention of its recipients. Hence a wealth of information creates a poverty of attention and a need to allocate that attention efficiently among the overabundance of information sources that might consume it.*[3]

The challenge of maintaining focus and avoiding distraction has increased

[3] http://en.wikipedia.org/wiki/Attention_economy

dramatically over the last decade and it is a challenge that many thinkers deal with.

Information overload

Information overload is commonly seen as one of the biggest challenges facing people in business today. It is a result of the increasing volume and increasing complexity of information flows. It is estimated that in the 21 years between 1986 and 2007, the amount of information we received every day grew from the equivalent of 55 newspapers to 175 newspapers[4].

In that time we also saw a growing spread of information channels so that as well as managing information across traditional channels such as newspapers, mail, phone, TV and radio, we now have to incorporate a host of emerging channels such as the internet, email, social media and SMS.

Work/Life Balance

This volume and complexity of information exchange has also resulted in increased time pressure. More time is required to process the quantity of information and people expect faster response times as communication becomes increasingly real time.

Most of us also carry the means to access our work anytime and from anywhere and these pressures means that our work is increasingly encroaching on our home life and downtime. Working late or on weekends is often seen as the only way of getting on top of the information flows that confront us.

Rapid change

Finally, the rapid rise of digital technology has created a certain level of uncertainty and anxiety for many Thinkers. Emerging technologies such as big data, machine intelligence and advanced analytics and algorithms are changing the business landscape and in some cases directly competing with the insights and ideas generated by thinking work.

One example of this is the increased use of digital technology in document discovery work. Once the domain of trained lawyers this type of work is increasingly being undertaken with the assistance of technology. Termed e-discovery, this approach can dramatically reduce not only the cost of document discovery but also do the work faster and with a greater level of accuracy[5].

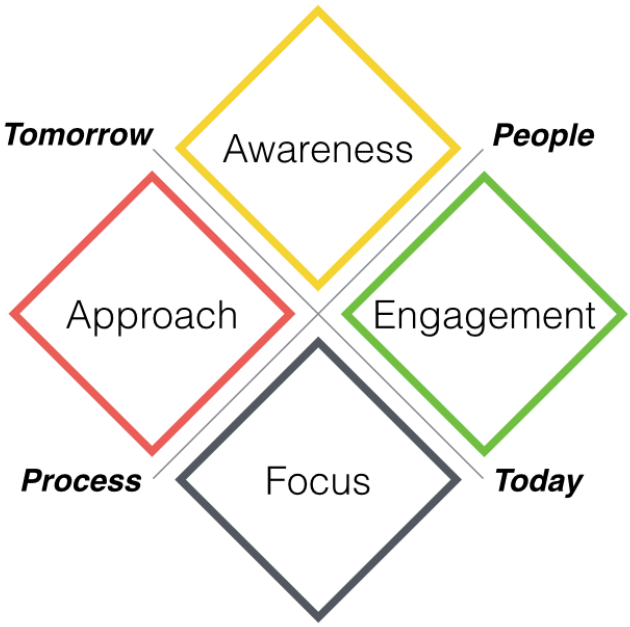
This is more than just frustration

We often look at these challenges and consider them frustrations of technology but their impact is much bigger than that. As Thinkers, the challenges of focus, overload, balance and rapid change are influencing the value we deliver. The negative aspects of digital technology are reducing our productivity, affecting the quality of our work and undermining both our positioning and relationships with others.

In some ways digital technology has crept up on us. In little more than a decade we have moved from a paper-centric to digital-centric way of working. But for many Thinkers this has been a difficult transition to navigate.

[4] Martin Hilbert (2012) How Much Information is There in the "Information Society"?, Significance, 9(4) (retrieved from http://www.martinhilbert.net/Hilbert_Significance_pre-publish.pdf)

[5] http://www.nytimes.com/2011/03/05/science/05legal.html?_r=0



The problem is the solution

Without a doubt, digital technology has thrown up some significant challenges and it is perhaps unsurprising that the response of many has been to push back. If technology is the problem then it would seem logical to try and remove or at least minimise its influence.

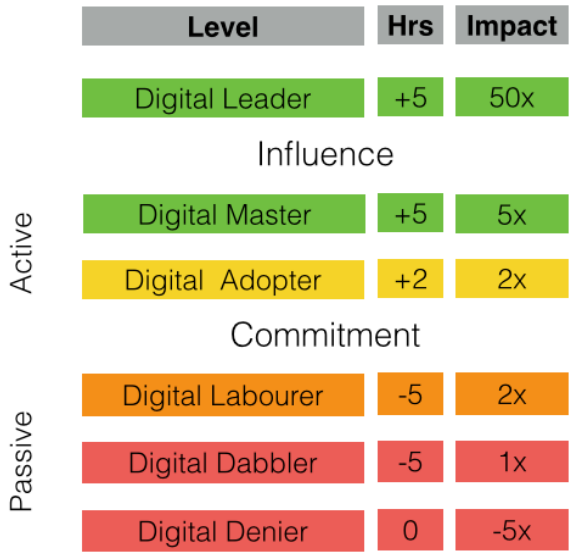
As a result many have sought solace in their traditional systems and approaches. They have maintained

Unfortunately this approach is ultimately doomed to fail. The move towards more digitally enabled workplaces it outside the control of any one individual. This change is being lead by your peers, your competitors and your customers, it is happening across organisations and whole industries.

Instead of trying to limit our use of digital technology we just need to change our approach. The challenges listed previously are testament to the fact that our traditional 'organic' approach to learning has proved completely inadequate. Instead, we need a new approach focused on aligning our digital tools and the learning we undertake with our value drivers; productivity, quality, alignment and positioning.

To do this we need a better understanding of how technology works and the digital tools that are available to us. In an era of digital business the ability to understand and *effectively* apply digital technology has become a competitive advantage and it will continue to be so for the foreseeable future.

The following opportunity ladder shows the common stages that technology users go through as they adapt to new technologies. For each stage the ladder also provides an indication of business impact in terms of hours saved (or lost) per week and the impact generated from doing higher quality work aligned with customer needs.



The Digital Opportunity Ladder

In the passive stages at the bottom of the ladder, digital technology is used reluctantly or not at all. The key feature of these stages is that the outcomes are generally negative.

Digital Deniers, who actively avoid digital technology, become less effective over time as they continue to use analogue systems in an increasingly digital world.

Digital Dabblers barely keep up with technology change and their inefficiencies mean lost time each week.

Digital Labourers begin to see a positive business impact, but the value is likely to be negated by the ineffective use of technology. It is in these stages that we find many of the challenges discussed earlier, such as information overload and a lack of balance and focus.

The gap between the passive stages and the middle and upper active stages is defined by commitment. Specifically, a commitment to learning how to use their digital tools effectively.

In the middle stages, people actively use digital tools to improve productivity and performance. Digital Adopters see an immediate time saving by reducing the time spent on low value information based activities such as finding and reusing information.

Digital Masters build on this by using improved information management techniques to positively impact decision making

As our experience and ultimately our confidence grows, we have greater opportunity to influence others.

At the stage of Digital Leadership we can multiply our impact through influence. We set an example for others to follow and we make decisions with a greater understanding of digital technology and how and where it can be applied.

21st century intelligence: Digital Intelligence

As the workplace becomes increasingly dominated by digital technology, we need new ways of thinking and working in order to maintain our effectiveness.

Our ability to acquire and apply new knowledge and skill is what we call intelligence. In the process driven world of the industrial age, the common understanding of intelligence or IQ was dominated by concepts such as logic, literacy and pattern recognition.

More recently we have identified other forms of intelligence, such as emotional intelligence (EQ), which has become incredibly important as our view of organisations has shifted from mechanical to organic.

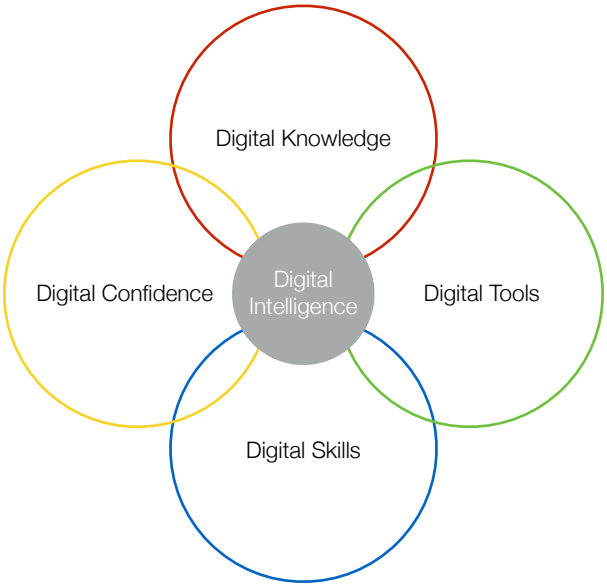
As we enter an age of work that increasingly uses digital technology, we need a new type of intelligence, Digital Intelligence (DQ), to continue to be effective.

Put simply, Digital Intelligence is the ability to acquire and apply new knowledge and skills related to digital technology.

Whereas IQ was about making things and EQ was about managing people, DQ is about using digital tools to magnify our potential.

Digital Intelligence is bigger than just the ability to use digital technology. It is the know-how, know-why, know-what, and know-when to apply digital tools to significantly improve effectiveness and impact.

Digital Intelligence is about having a positive relationship with technology, just as emotional intelligence was about positive relationships with others. Digital Intelligence is provides an understanding of the relative strengths of people and technology and playing to those strengths.



Summary

Technology is a challenge and an opportunity

For the modern organisation, technology can be a cause of frustration or a source of immense opportunity. Depending on how it is used, technology can either diminish or grow the value of people using it.

Thinkers are ultimately problem solvers and their value and reputation is tied to how well they can respond to customers' problems. But by developing the ability to understand and apply digital technology and using it to improve productivity, quality alignment and positioning, Thinkers can solve customers problems faster and to a higher standard than ever before.

To achieve this Thinkers are going to need to take a different approach to learning. The sad truth is that most of us are seriously undertrained when it comes to using our digital tools and instead we rely on ad-hoc interactions with others as a learning strategy.

Taking a more structured approach to learning can deliver extraordinary results. Data collected from participants in one to one coaching engagements suggests that individuals achieve an average over 200 hours per year in productivity gains whilst simultaneously improving the quality of their thinking and subsequently the quality of their work.

Developing digital leadership

Simon helps leaders develop digital skills

Develop your Digital Intelligence mentoring program

Develop your Digital Intelligence is a **one to one** coaching program for busy executives and business owners. This 12 month program will change habits, build Digital Intelligence and improve the way you think and work.

Leading with Technology group training program

Leaders with Technology is a group based program for high performers and leadership teams. The program teaches practical skills to make mobile technology useful by avoiding the risks and taking advantage of the opportunities that mobile technology provides.