

Defining a Successful Leadership Approach for the Industry 4.0 Era



In the midst of the Fourth Industrial Revolution, we are seeing a fundamental shift in how people manage and lead. A new leadership approach defined as Industry 4.0 Leadership is emerging which is in direct contrast to industrial-era management.

Industry 4.0 Leadership in the context of the industrial and infrastructure sectors sees the vertical hierarchy of authority replaced by a horizontal network of self-organizing teams, driven by a common goal. It also involves a mindset shift from a focus on output and efficiency to broader metrics such as value for customers.

To draw on the potential of their teams, leaders need to engage not just the brain but the heart, through inspiration and collaboration. Leadership at every level has become more empathetic and compassionate because of a need to connect with team members more personally.

By 2025, over two-thirds of the Indian manufacturing sector will embrace Industry 4.0. As businesses in India accelerate their journey towards Industry 4.0, critical questions remain in leading teams. How can leaders fully capitalize on new digital tools to manage teams, prevent creativity from turning into chaos, inclusion to group think, and too much choice to indecision?



"Globally, companies have spent over US\$900 billion on Industry 4.0 initiatives, and hence India is comparatively a much smaller market. We have the potential to build interconnected factories of the future using Industry 4.0."

– Head of Digital & Innovation, Technology Consulting Firm, India



"With MSME accounting for nearly half of Indian manufacturing output and 40% of exports, we must make Industry 4.0 technologies available to the 50 million businesses in the region. Industry 4.0 can provide the country's manufacturing sector the much-needed platform to stay competitive in the global market."

– Managing Partner, Big 4 Consulting Firm, India



"In 2021 alone, the Indian manufacturing industry spent between \$5.5-6.5 billion on Industry 4.0 technology solutions, of which 75% was attributed to automotive, electrical and electronic segments. With large investments being funneled towards Industry 4.0, we are struggling to find the right leadership and talent to drive success amid this shift."

– Chief Information Officer, Automotive Company, India

Why Industry 4.0 is Causing a Marked Shift in Leadership Needs

What Challenges are Industry 4.0 Leaders Confronting Today?

New business models—prompting a need for new strategies and new ways of profitable growth

Using data to drive decisions — skills for effective data gathering, data integration, data analytics, and the use of big data are becoming key

Vertical and horizontal operations integration

Functional silos — integration of teams and crossing company boundaries to collaborate with customers and partners remains central to Industry 4.0

Distributed decision making at all levels of the organization — the need to cultivate a collaborative environment where individuals from all levels of the organization can leverage its network to learn and grow

Understanding the core competencies of Industry 4.0 Leadership — to know and understand the skills needed in managing digital environments and the digital workplace. This includes technical knowledge with an understanding of its impact on all stakeholders

Winning in Industry 4.0 requires non-stop strategic change that constantly advances the organization toward its goals. Businesses will need to build resilient supply chains to tackle challenges such as the ongoing pandemic and the chip shortage crisis. Leaders must act in and support an agile environment, which becomes the basis of driving innovation through digitalization, smart devices, and new ways of communication and collaboration.

A successful Industry 4.0 leader must be open-minded and strive to create a learning and innovation-oriented culture to respond to dynamic situations with divergent thinking.

At its heart, accelerating digitalization affects communication, access to information, and data analysis, triggering a whole set of consequences. With everybody and everything connected to each other, team collaboration as well as numerous business processes are fast-tracked. This has sped up the go-to-market of new products and services, creating a dynamic competitive landscape where situations are in constant flux.

This situation puts pressure on leaders to react much quicker than in previous decades. At first glance, this might seem trivial – after all, digitalization can also expedite decision-making. But this has intensified one fundamental conflict: on one hand, businesses need to establish a stable, recognizable brand with a sharp and clearly communicated vision; on the other, they must constantly adapt to rapidly-changing market conditions.

A whole host of industries from automotive to hospitality to music have already seen widespread digital disruption. We are seeing an increasing demand for industrial robots in the pharmaceutical and medical devices manufacturing sector and rising government investments in 3D printing and additive manufacturing. Leading through these changes – either as the disruptor or the disrupted – is not for the faint-hearted. With new challenges always just around the corner, there is a growing need for Industry 4.0 leaders who are creative, brave and able to take quick calculated risks.





A Leadership Approach to Succeed in Industry 4.0

Our conversations with senior leaders within industrial and other sectors have resulted in the following recommendations for success in Industry 4.0.

Switch from a control mindset to a growth mindset: In a digital world that is far more complex, interconnected, and changeable, being successful is very much a team effort. Managing teams who are spread over large regions means acknowledging that success is not about control but about growing as a team. Leaders need to switch from a control mindset to a growth mindset and have a passion for empowering people to achieve their goals, both as a team and individually.

A growth mindset means that leaders need to be prepared to continuously engage with their teams. Organizations where leaders are purposeful and open to personal change, and where every employee has a voice, are those with thriving cultures. They need to identify high potential, be open to new ideas, and ensure they are quickly implemented. At the same time, leaders need to have an eye for any concerns and shifting team dynamics. A high level of diversity means there will be sometimes dramatically differing points of view and bringing them all together is a productive way to find innovative solutions.

Balance technological progress and people-centric leadership: While technology is a key business driver in today's world, helping us to work and communicate efficiently, it needs to be combined with an open-minded company culture and transparent communication. This way, teams can unlock their full potential, be productive and keep pace with rapid innovation in the digital era.

Leaders must rapidly analyze alternatives, gauge risks, and determine the best course of action. This may be the differentiator in terms of business success versus a missed opportunity.



At Heidrick & Struggles, we support clients on both, talent acquisition and talent development. We assess the capabilities for digital dexterity and digital acceleration for driving high impact digital transformation or disruptive innovation. We do this by applying our established and robust competency model on mobilizing, executing, and transforming with agility — or 'META'.

An Industry 4.0 leader is different from a 'technological' leader — one who only has the ability to estimate how new technologies can be used to deliver value, with no focus on the people-side. They are also different from a 'social' leader who is able to create a friendly environment but lacks expertise in technology and innovation. An Industry 4.0 leader understands the importance of the confluence of people, technologies, innovation and organizational culture. Their focus is on how technologies impact people and the alignment of the organizational model with human nature.

In a world where speed wins, Heidrick & Struggles helps company leaders act on these principles to accelerate performance in the Industry 4.0 era.

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Specialty Practices

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These practices include:

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- Cybersecurity
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