The Great Recalibration: Ways Companies Reconfigure to Find Digital Success

by J. Mark Munoz

Firms must prepare to adjust to the next technological revolution.
The proliferation of digital technologies worldwide has led to a global race for technological dominance. In recent years, companies sought the best technologies and top talent to create superior products and gain a competitive advantage. Over 90% of leading firms have ongoing artificial intelligence (AI) investments (New Vantage Partners, 2020). A Gartner (2019) report indicated that approximately 37% of firms have used AI in some form and this percentage of usage has grown by 270% in the past four years.

The AI revolution is underway, not only in the US but across all countries in the world. It has resulted in an organizational phenomenon which may be referred to as The Great Recalibration (Munoz, 2021). A McKinsey (2020) report showed that firms have actively used AI in business functions such as product/service development, manufacturing, service operations, human resources, marketing and sales, supply chain management, risk and strategy and corporate finance. With the growing usage of AI, companies are reconfiguring their technology and work systems interface in order to optimize business performance. As an example, since Netflix uses AI in their business operations, in greater likelihood the company would hire some employees that are skilled or trainable in AI applications. Consequently, they would also restructure their operations to optimize the usage of AI to please multiple stakeholders, including customers. The company therefore recalibrates its operations to find success in their digital transformation efforts.

While Netflix is used as an example, the reality is that many companies are in various stages of recalibration. Some are doing very well, others are struggling. All companies are in the midst of it. From the boardroom to the shopfloor, new questions are being asked: With so many technologies available, which one should we use? How will this new technology impact our organizational structure? What training will the workforce need? What types of employees should we now hire? Which policies and procedures need to be changed and by when? What are budget and profitability implications? How would this change impact our stakeholder interactions?

The dictionary defines recalibrate as “correcting or adjusting settings” or “re-examining a system, plan or values and correct it with a new understanding or purpose.” (Dictionary.com, 2021). This definition aptly describes the contemporary business environment where companies are refining the way they think and act about technology and are revising their plans and embracing new value systems.
Reframing Stakeholder Relationships

The Great Recalibration has accelerated in the New Millennium and has been instrumental for the success of digitally-anchored firms that got their bearings right. Companies such as Amazon, Google, IBM and Microsoft have mastered this transformation process.

Many other firms have gained significant traction in their recalibration efforts. Some of the notable changes are evident in their stakeholder interactions.

**Customers.** In the past, customers were found through ads, sales calls, word-of-mouth and referrals. Firms have made adjustments by being more cognitive in their marketing efforts. AI is now used to proactively search and find the most likely customers and chatbots are used to instantly respond to customer questions. Many car dealership websites have chatbots that pop out the moment you start searching for cars. Companies such as Indigo have developed full-service conversational AI platforms that boost chatbot conversational experiences.

**Employees.** Traditionally, employees were hired through web job postings, job fairs, and recruiters. Now, firms are using the services of AI firms that can sift through millions of data and quickly identify candidates that are an excellent match. For example, firms such as Talview offer AI powered hiring and proctoring solutions for companies. Assessments and interactions can be conveniently done using mobile devices.

**Investors.** Many firms found investors through research, road shows and referrals. Presently, there are AI-driven tools that help companies easily identify full contact information of investors and investment parameters that are likely the best match. Boston Analytics is an example of a firm that uses AI alongside their extensive database to uncover very precise information that clients look for. In several firms, investor interactions are currently sustained through social media and web portals that are accessible 24/7.
Suppliers. A number of firms relied on research and networking to find good suppliers. Currently, AI-tools can give firms access to reliable global vendors. Instead of face-to-face meetings, interactions are done through videoconferences. In some cases, supplier databases are linked with the firm’s database thereby allowing the immediate sharing of information. An Indian start-up called Cybernetics created an AI system that identifies crop diseases and instantly recommends supplier options based on solutions the user needs.

Community. Relationship with the community have been through participation in community events and sponsorships. Nowadays, this level of engagement has increased in depth and reach. Interactions have increased through the use of social media and in some cases expanded into a national and global scale. Some firms have been creative and highly intentional in their collaboration with members of the community. Boeing partnered with Carnegie Mellon University to help predict airplane maintenance schedule using autonomous intelligence technology (Rao, 2017).

Government. Government interactions had been mostly driven by compliance, legal, regulatory and taxation matters. The digital age has changed these dynamics and led to heightened transparency and cognition in many operational areas. The firms can get to know more about the government and vice versa. Singapore is aiming to be a pioneer as a Smart Nation where technology is merged with the way of life of all residents (Vaswani, 2017).

With these stakeholder interactions shifting and evolving, firms need to have a heightened clarity of purpose and priority and manage complexity well in order to get their digital transformation agenda right.

Getting Recalibration Right

In order to maximize the benefits of recalibration, companies need to have a plan of action across three different levels:
Macro – firms need to look at the big picture and find ways to understand and respond to external factors impacting the firm. For example, since government policies and geopolitical alignments affect the enterprise heightened cognitive sensitivity in these areas would be helpful. In addition, awareness of industry trends, market shifts and competitive activities can provide a strategic advantage.

Meso – given the importance of a firm’s immediate business network and ecosystem – such as suppliers, customers, investors and community – using innovative technology to better understand stakeholder needs and enhance interactions would lead to optimal results.

Micro – since employees are the building blocks of firm performance and success, understanding employee needs well and motivating them to accomplish top quality work is essential. Firms that accomplished successful digital transformations, used technology and cognition tools to hire the best talent, assess systematically, and provide the appropriate training, reskilling and upskilling for their developmental journey.

Table 1 highlights a few examples of viable recalibration methodologies.

Table 1. Models for Enterprise Recalibration
<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Action Focus</th>
<th>Recalibration Modes</th>
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<tbody>
<tr>
<td>Customers</td>
<td>Meso</td>
<td>Use digital tools to identify the right customers, know their needs better and enhance engagement; Improve information sharing; Restructure, reorganize and create new policies and procedures to better respond to customer needs.</td>
</tr>
<tr>
<td>Employees</td>
<td>Micro</td>
<td>Use digital tools to hire the best talent, do effective assessments and create optimal developmental journeys for employees; Restructure, reorganize and create new policies and procedures to motivate employees and enhance performance.</td>
</tr>
<tr>
<td>Investors</td>
<td>Meso</td>
<td>Use digital tools to identify appropriate investors, know their needs better and enhance engagement; Improve information sharing; Restructure, reorganize and create new policies and procedures to better respond to investor needs.</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Meso</td>
<td>Use digital tools to identify appropriate suppliers, know their needs better and enhance engagement; Improve information sharing; Restructure, reorganize and create new policies and procedures to optimize business performance.</td>
</tr>
<tr>
<td>Community</td>
<td>Meso</td>
<td>Use digital tools to know the target community better and enhance engagement; Explore innovative partnerships and information sharing; Restructure, reorganize and create new policies and procedures to improve community engagement.</td>
</tr>
<tr>
<td>Government</td>
<td>Macro</td>
<td>Use digital tools to secure up to date information of government policies such as those relating to legal, regulatory, compliance and taxation issues; Monitor geopolitical events and market changes; Strive for transparency and better engagement through effective information sharing approaches; Explore areas for collaboration; Restructure, reorganize and create new policies and procedures to optimize government relations.</td>
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It is evident from Table 1 that recalibration methodologies need to be well thought of and executed correctly in order to achieve desired results. The outlined implementation modes underscore the importance of people in the digital transformation process. A top
management team that has the ability to see the big picture and a skilled employee team that can execute the strategies well are essential to accomplish set goals.

The era of The Great Recalibration is upon us and firms are faced with a myriad of options on how to best respond and transform the organization to maintain alignment with the current reality. Calibrating a car engine typically involves steps such as establishing the optimal performance, figuring the right tools to use, and planning work steps methodically. These very same approaches can be used by companies as they reconfigure for digital success.

References


J. Mark Munoz

Dr. J. Mark Munoz is a tenured Full Professor of Management at Millikin University, and a former Visiting Fellow at the Kennedy School of Government at Harvard University. Aside from top-tier journal publications, he has authored/edited/co-edited more than 20 books such as: Global Business Intelligence and The AI Leader.