

Growth Mindset: Automotive Leadership in Disruptive Times

Boyden's *Automotive Leadership in Disruptive Times* is an ongoing global study exploring the impact of software technologies and how old-line companies are adapting leadership teams, culture and organisational approach to achieve convergence.

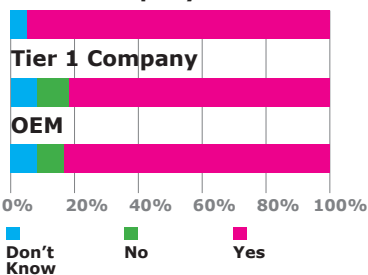
Summary

The automotive industry is rapidly evolving from a hardware-led to a converged or software-led industry. Yet, there is a lack of alignment with leadership and culture among OEMs, tier 1 and tier 2 companies.

- o Competition with tech firms for software talent is hard enough to harm the business outlook for many in the industry
- o A majority highlight the United States as a strong source of talent – attracted by a 'Silicon Valley mindset' that is viewed as 'business critical'
- o Respondents are aware that talent exists in all markets, however, the default is to hire from the United States, going head to head with tech firms

Convergence is considered best achieved by hardware and software teams working together. Leaders are therefore taking people out of their comfort zones, and adapting their leadership approach to an evolving ecosystem, increasingly dominated by digital natives.

Tier 2 Company



Leadership & Culture

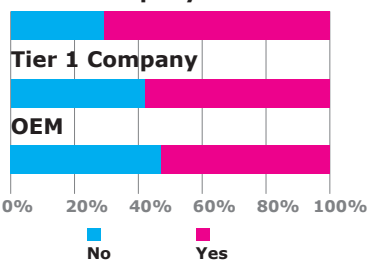
Do you believe a software-led business requires a different leadership approach to a hardware-led business?

"Absolutely, different leadership is needed in software. I find that auto OEMs know they need to change, but the culture and organisation doesn't fully reward, recognise and support digital transformation."

OEM, leader in digital services, Germany

80% of all respondents believe that a software-focused business requires a different leadership approach, yet 50% of respondents at OEMs say their leadership teams do not match this future focus.

Tier 2 Company



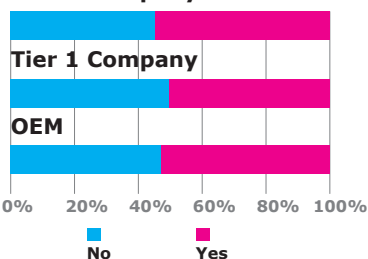
Does the profile of your leadership team match this future structure?

"We need different mental models, speed, lean learning vs. major initiatives and an appreciation of how crucial the right talent is to success"

OEM, leader in consumer connectivity services, Sweden

Lack of alignment is even greater for organisational culture, which does not match the future focus for approximately half of OEMs, tier 1 and tier 2 companies.

Tier 2 Company



Does the culture of your organisation match this future structure?

"We must fully recognise that future cars or trucks are wheels on smart and connected devices that customers will use as an extension of their daily lives, no matter whether transporting goods or people."

OEM President, China

For some OEMs, the lack of cultural alignment is a significant impediment to commercial success.

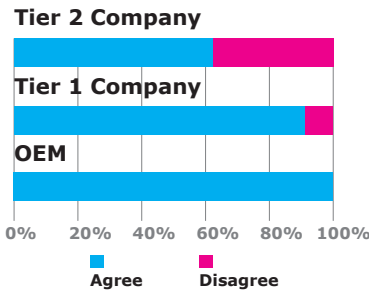
How to Achieve Convergence

We explored whether or not convergence is better achieved by having hardware and software experts working in separate teams, with convergence achieved through a common leader, such as Chief Digital Officer.

It is better to have hardware and software engineers working together in converged operations to achieve an entirely digital organisation.

"Project teams now need to be there for the entire vehicle life cycle."

Tier 1 company CEO, United Kingdom



The general consensus is that it is better to have hardware and software teams working together to achieve an entirely digital organisation.

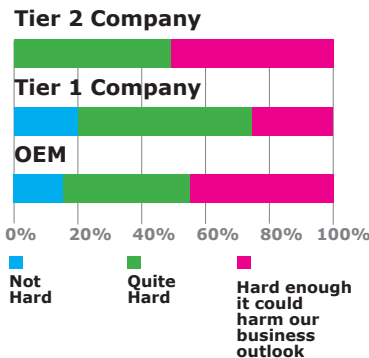
Talent & Leadership Challenges

Competing with technology firms is such a significant challenge that for nearly half of OEMs and tier 2 companies, it could harm their business outlook.

How hard is it to compete with tech firms for the software talent you need?

"With the advent of completely new software architectures, like neural net software and machine learning, there is a paucity of talent available, and it is very difficult for OEMs and even Tier 1 companies to compete with start ups and established software suppliers to attract this talent."

Tier 2 leader, United States



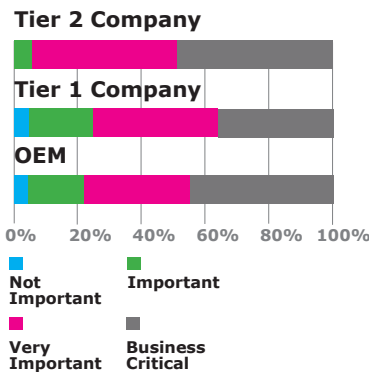
A majority highlight the United States as having the best organisational and leadership culture to maximise digital disruption in the industry.

How important is it for a leader to have a 'Silicon Valley mindset'?

A 'Silicon Valley mindset' — risk-taking, learning from failure, iterative innovation, customer engagement and fast-paced decision making — is seen as business critical for nearly half of tier 2 companies and over 40% of OEMs.

"Much more agile, with a fail-fast attitude"

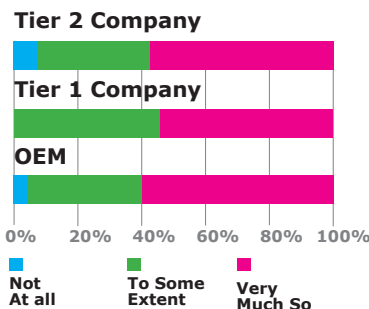
Tier 1 company, software and electronics leader, Germany



It is important to recognise that software talent is strong all over the world, particularly in Russia, Israel and Germany. Yet, there is a reticence in accessing these regions for talent. Organisations lack the sense of a 'global benchmark,' so they tend to rely on the United States to source talent.

To what extent do you think you need to prioritise people across the organisation?

There is widespread recognition that prioritising people is essential to safeguard the future of the business with HR leaders playing an essential role.



Boyden is a premier leadership and talent advisory firm with more than 65 offices in over 40 countries.

To explore how we find the right leaders for clients in the industry, you can contact Jutta Menzenbach or Richard Fudickar in Europe, Jeff Defazio in the US, or William Farrell in Asia via www.boyden.com and visit other Boyden experts at www.boyden.com/automotive.

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