WENHAM CARTER
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LEADERSHIP IN THE DIGITAL AGE
A long way to go?

A Wenham Carter Career Perspective

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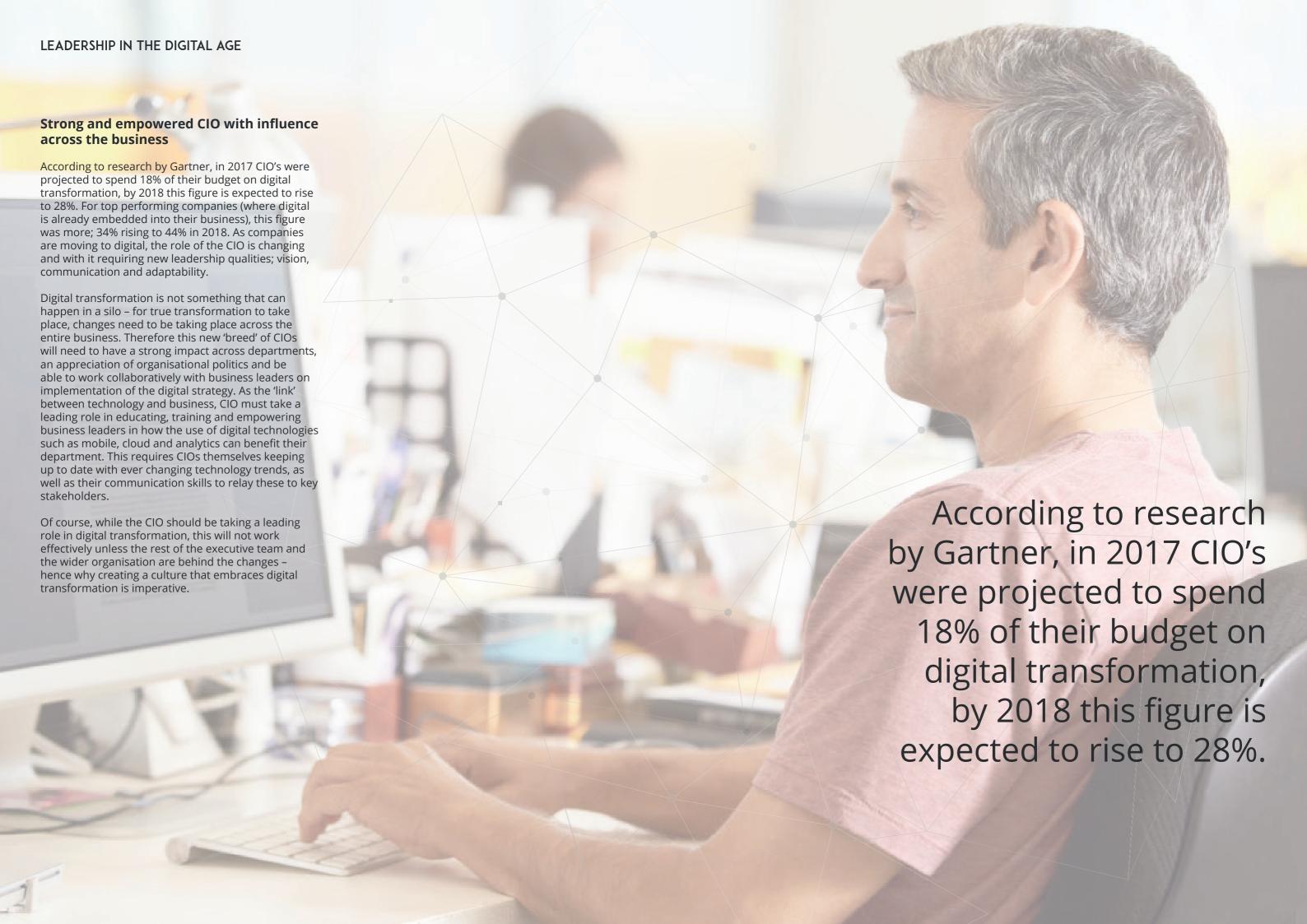🏠 wenhamcarter.com/team/richard-evans

ORGANISATIONAL CULTURE DRIVEN BY STRONG LEADERSHIP IS CRITICAL FOR SUCCESS IN THE DIGITAL AGE

Organisational culture driven by strong leadership is critical for success in the digital age. Technology is a great enabler for business, but all organisations face challenges in how best to harness its power. Gone are the days when IT was a housekeeping function, now the majority of executives, even outside high tech sectors, recognise the strategic importance of technology. However this does not mean that everyone is getting it right – in one survey while 78 % of executives and managers thought that digital transformation would be critical for their company in the next 2 years, 63% thought that the pace of change was too slow in their company. Large organisations weren't created to be the agile, responsive environment that today's digital age requires. This means that large corporates more than start-ups may struggle to shed legacy systems and pioneer new approaches. They may also face threats by disruptors who are using technology to create new business models entirely that threaten their existence. Larger organisations often have vast financial resources at their disposal to fund technological investment, but what is often missing is an understanding of the organisational change needed to get the most out of their investment. Executed right, digital transformation is an incredible business opportunity.

The critical factor in this environment is leaders to drive this agenda forward. We are focusing mainly on executive leadership and strategy, but 'digital leaders', those with creative and 'big picture' ideas about how to make use of new technology for business, can come from anywhere in the organisation. Here we will delve into a few ways in which organisations can achieve results from digital transformation driven by strong leadership.

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Strong and empowered CIO with influence across the business

According to research by Gartner, in 2017 CIO's were projected to spend 18% of their budget on digital transformation, by 2018 this figure is expected to rise to 28%. For top performing companies (where digital is already embedded into their business), this figure was more; 34% rising to 44% in 2018. As companies are moving to digital, the role of the CIO is changing and with it requiring new leadership qualities; vision, communication and adaptability.

Digital transformation is not something that can happen in a silo – for true transformation to take place, changes need to be taking place across the entire business. Therefore this new 'breed' of CIOs will need to have a strong impact across departments, an appreciation of organisational politics and be able to work collaboratively with business leaders on implementation of the digital strategy. As the 'link' between technology and business, CIO must take a leading role in educating, training and empowering business leaders in how the use of digital technologies such as mobile, cloud and analytics can benefit their department. This requires CIOs themselves keeping up to date with ever changing technology trends, as well as their communication skills to relay these to key stakeholders.

Of course, while the CIO should be taking a leading role in digital transformation, this will not work effectively unless the rest of the executive team and the wider organisation are behind the changes – hence why creating a culture that embraces digital transformation is imperative.

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A culture that embraces innovation and change

It's easy enough for executives to purchase expensive, cutting edge technologies but it's far more challenging to integrate them into the organisation. Digital transformation is often more about organisational change, ensuring that employees know how to get the most out of new technologies and are motivated to collaborate with their colleagues in working towards a shared vision. A lack of urgency from middle management or the executive level ('innovation fatigue'), reliance on legacy systems, lack of training, or a heavily siloed structure – may all damage the process of transformation, even if CEOs or CIOs are pushing a digital agenda.

Possible solutions to this might involve embedding technology professionals into the organisation so that insight can be shared day to day across all departments and across all levels or creating mentor/mentee relationships so that knowledge can diffuse through. Holding regular cross departmental meetings to communicate and share the ways in which others make use of technology, and incentivising departments to work together to break down silos could also help to create a culture supporting executive goals.

Encouraging a culture of 'big picture' strategic thinking can pay off. For example, Google's famous '20% time' initiative, where leaders encouraged their employees to spend 20% of their time working on new ideas that would most benefit Google, resulted in Gmail. Incentivising employees to adopt change, for

example structuring bonuses, performance reviews and promotions in a way that rewards innovation and adoption of digital – could be one solution. Even if employees are not

incentivised financially, making it clear that innovation and learning new technical skills could benefit them in their careers is a good strategy to motivate them.

The benefits of digital transformation need to be communicated clearly for staff at all levels to be motivated to change; sales executives need to understand that a better digital marketing strategy will help them make more sales, finance managers need to understand how automating operations will make their job easier. Having a CEO and management team with a clear vision and road map for success is essential for this.

The right talent strategy for technical skills

It's never been more critical for companies to hire tech-savvy people with the right kind of skills to succeed in the digital era. According to a PwC report 73% of CEOs cite a shortage of digital skills as a threat to their businesses. There are a number of solutions to this, but it's getting harder for organisations to retain staff in the era where top performers are more mobile, know their worth, and are readily exposed to new opportunities from competitors and recruiters alike.

This makes attracting talent even more critical, and companies can no longer rely on lifetime employees to sustain their workforce, but rather need to create a value proposition for attracting top technical skills. This might encompass a variety of 'pull factors', such as global career progression, an agile working environment or faster progression for those with in demand digital skills. The proliferation of high tech start ups can sometimes be challenging to larger incumbent players, who are competing for talent with a working culture that's perceived as faster paced, more creative and more collaborative. But these types of environments can work in larger organisations too; Facebook, GE and Microsoft, amongst others – have actively promoted open internal communications using digital collaboration tools (such as Facebook@work, Slack or Yammer), to try and break down the silos that might put off top talent.

For specific technical expertise on projects, companies are increasingly hiring in external contractors, which can be a good solution for fulfilling customer demands rapidly if capability is lacked in house. There are other benefits to contract workers too; they can provide new skills and insight that may be more forward thinking and less encumbered by internal politics than internal staff. For permanent staff, the focus for leaders should be on retention, training and incentivising behaviour and skills that supports the digital transformation agenda.

LEADERSHIP IN THE DIGITAL AGE
WENHAM CARTER'S CONCLUSIONS

In today's digital age the need for good leadership is stronger than ever. As the disruptive forces of technology are lowering the barriers to entry and opening up the corporate sector to competition from start ups and new business models, executive leadership needs to have a tight and evolving digital strategy. But crucially, organisations need to be focused on how best to lead the organisation through these changes; forging stronger internal relationships between CIO and business leaders, a solid talent strategy to fill technical skills gaps and coach existing talent, and fostering a culture of innovation and change across all levels of the organisation.

Do you work in digital transformation?

We'd love to hear from you. Whether it's career advice you're after, help on hiring the best talent for your team or just to chat about the industry, please contact our Digital Transformation team.

FOOTNOTES

1. Harvard Business Review, 2015: Driving Digital Transformation, new skills for leaders, a new role for the CEO

2. http://ebooks.capgemini-consulting.com/CC-MIT-SMR-Research-Embracing-Digital-Technology/files/assets/basic-html/page4.html

3. World Economic Forum White Paper Digital Transformation of Industries, 2016

4. Harvard Business Review, 2015: Driving Digital Transformation, new skills for leaders, a new role for the CEO

5. PWC, People strategy for the digital age - A new take on talent, 2015

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