

Leadership

What Really
Counts in Digital
Leadership?
A New Model
For Digital
Competencies

Chapter 1 | Strategy

By Job Voorhoeve



Amrop

Leaders For What's Next

What Really Counts in Digital Leadership?

A New Model For Digital Competencies

Chapter 1 | Strategy

To say that many non-tech organizations are struggling with digitization is probably an understatement. The quest to implement digital strategies at the right time, with the right results, is a huge task. It demands exceptional leaders, people who are first and foremost bridge-builders, fluent not just in digital engineering, but in strategy engineering.

This duality is a core problem and leads into a big question for non-tech organizations: defining a clear profile for CIOs, CDOs and their equivalents. At the highest level, what is the purpose of digitization? What organizational domains should it serve? How can we drill all of this down into to a clear and coherent set of competencies? Ultimately, what really matters in digital leadership?

Amrop's Digital Competency Model (ADCM) is a 4-dimensional dashboard with 24 sub-indicators. More than a theoretical model, the ADCM is based on hundreds of observations from our real-world interactions. It also owes much to the rich pool of academic literature sparked by digital transformation.

In 2019, an Amrop study exploring the challenges faced by C-suite digital leaders confirmed the need for a role framework: 41% of digital leaders said they lacked a clear role profile when they joined the organization. And only 18% said they were assigned a senior mentor or coach. (See Amrop; Digitization on Boards 3rd Edition).

In this series we present the ADCM, starting with the Strategy Dimension.



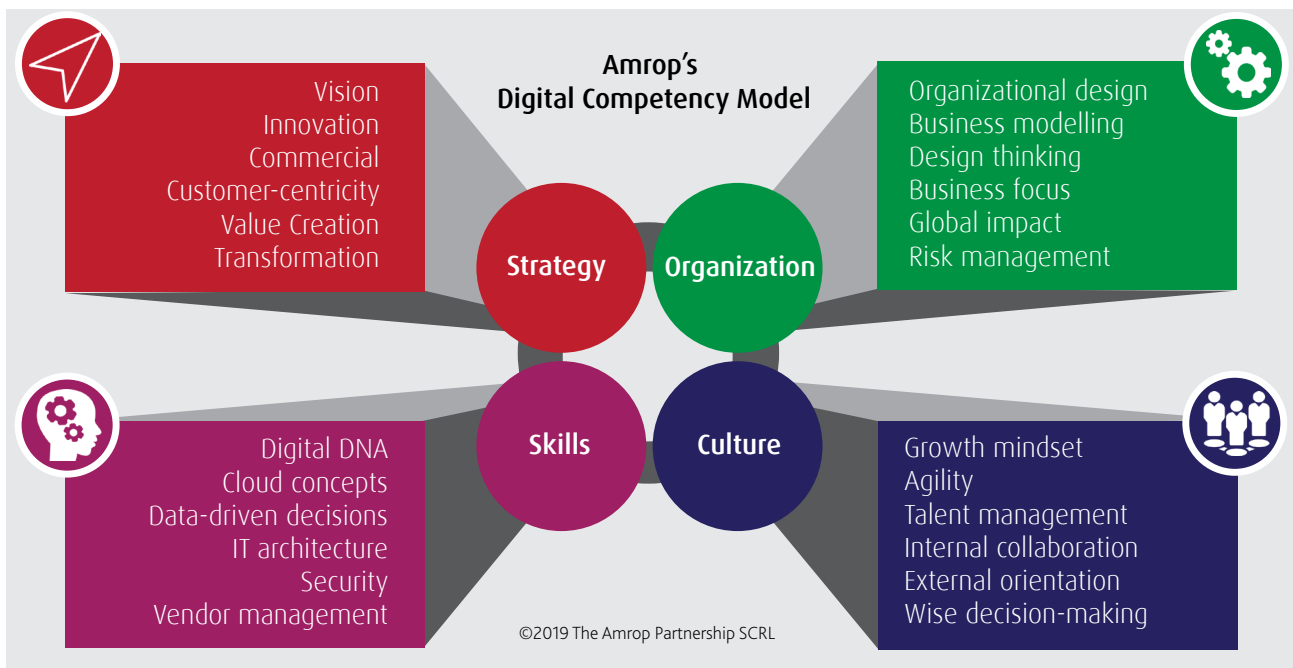
Job Voorhoeve is a Partner in Amrop's Amsterdam office and Leader of Amrop's global Digital Practice.

Job has worked on the cutting edge of technology and organization management for years. His international experience has taught him the ropes about talent-matching and building multidisciplinary teams. "Transformation requires diversity" says Job. Not only in terms of variety in culture, gender, nationality or character. It also requires diversity within each individual leader.

He has senior experience in executive search in Digital, Cloud, Artificial Intelligence, Sales Executives, Cybersecurity and more.

He holds a Masters degree in International Affairs, Political Science from the University of Amsterdam, The Netherlands and is an IMD Alumnus

A New Digital Dashboard



Digital Strategy | A Rocky Road

A good strategy demands a robust board-level discussion and a strong sense of perspective. Doesn't that go without saying? And yet, according to our research, there's trouble in the kitchen. Even if four out of ten digital leaders say they're given the opportunity to exchange with the top team, almost half are frustrated by a lack of shared digital strategy in their organizations. Most even doubt that their boards even fully understand the meaning and scope of digitization (72%).

Today, sustainable thinking should normally be built into the matter and meaning of any strategy-setting. This means taking a holistic perspective, looking at stakeholder as well as shareholder value, exercising restraint and taking the long term into account. And yet, half of digital leaders are dealing with a lack of realism and patience in the digital domain.

To compound the problem, digital leaders also face relentless pressure on the bottom line: 37% face questions surrounding the ROI of digital. It seems there is persistent doubt as to its inherent value. Finally, if data should feed strategy, around a quarter of digital leaders cite as a high or extreme threat an inability to process data in a meaningful way.

So if strategy is about mapping out a route to a destination, however incrementally, digitization may be falling by the wayside, or at worst, struggling to get past the starting blocks. What can be done to power it forward? Let's take a look at the 6 strategic competencies.

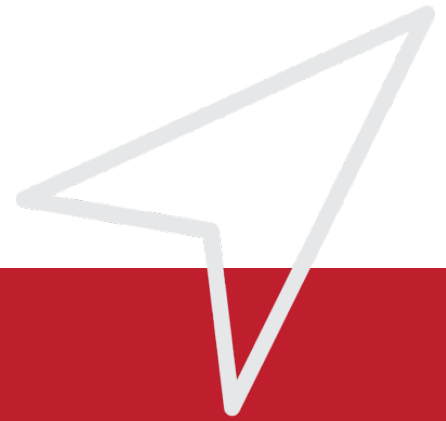
Digital Strategy | The 6 Competencies

1

Vision

Some may find it a little odd to associate visionary leadership with a technical concept like digitization. And yet it makes perfect sense.

Being able to build out a compelling ambition for digital, anchoring it in a strategic roadmap (the how, why and when) are as important in the digital arena as in any other. To achieve this, a true digital leader needs a double-helix of competencies: visionary thinking entwined with technical knowledge. In forming a digital vision, she has a deep understanding of the context at play, its nature and goals. She applies a cross-functional strategy and takes diverse short and long term perspectives into consideration. This means transcending what has gone before, and having a clear eyed view of the future. (Singh & Hess 2017).



Key question:

Do I have a clear vision of what needs to be achieved?

2

Innovation

Since a vision refers to a conceptual, future state, the digital strategist has a nose for the new.

He is plugged into emerging technologies, bravely experimenting and rapidly learning through what works and just as importantly, what doesn't. His innovative mindset is infectious and he capably promotes it throughout the organization's culture. (Hafke 2017). In this way, innovation acts as a sophisticated mechanism that enables the digitizing organization to anticipate and navigate constantly moving environments. The CIO's position enables organizations to flex and adapt, and, like a sharp shooter, target opportunities as they arise. In short, the CIO has all of the qualities of an entrepreneur (Horlacher and Hess, 2016).

Key question:

Do I have a creative and innovative mindset?

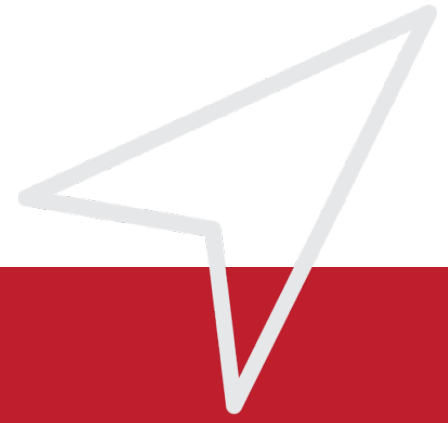


3

Commercial

Key to the success of a CIO as a pioneer in digital transformation is her understanding of the nuts and bolts of the firm's business framework. And this includes its customers, suppliers and competitors.

It all boils down to commercial awareness: a wide, yet sharp appreciation of how a company operates and makes money. Naturally, a CIO position has a fundamentally technical orientation. But to make decisions that take short and long term commercial implications into account, she has to understand the commercial objectives (Forløb 2006). This means stepping out of the digital office, unpacking the financial mechanisms of the organization. And this, in turn, demands trusting relationships with key departments such as production and sales — establishing a constant two-way learning flow. Keeping up with business trends through journals or other knowledge sources can also inspire (and inform) ideas to bring financial benefit through digital means. Commercial savvy is also critical to building the business case for an often underfunded (and questioned) domain.



Key question:

Am I able to define commercial performance indicators for digitization?

4

Customer-centricity

With a constant craving for the latest trends in technology, the digital strategist connects across borders with internal and external stakeholders. Of these, the customer — external and internal - is the most important.

An outstanding customer experience demands 'the skills to integrate social, mobile and big data into all business functions throughout the organization.' (Dumeresque 2014). It is vital to be able to acquire new clients via technology, leveraging its potential to improve their experience (and keep them on board). Important too are the opportunities presented by big data — collecting and processing it in a meaningful way (something that, as we have seen, is problematic for a significant minority of digital leaders). These CIO fundamentals are key to competitive advantage.

Key question:

How well do I understand well the needs of our client/customer base?



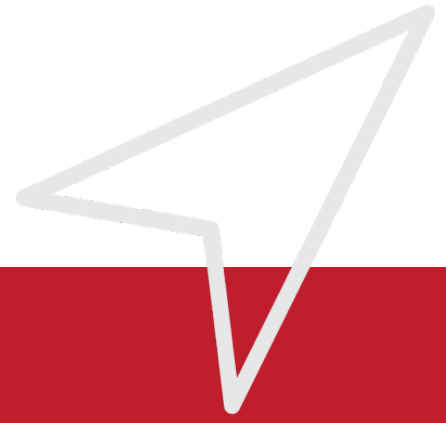
5

Value Creation

Value creation is about extracting diverse benefits from digitization and creating a high(er) performing organization.

Well-applied tech nourishes customer bases. The data it gathers creates business-enhancing feedback loops. It improves supply chain effectiveness and injects new life into R&D, diversifying portfolios. Yet entering any new field involving calibration and investment has risks. Christian Matt et al. (2015) refer to the 'Digital Transformation Framework' to describe the adjustments needed in order to maximize assets and minimize downsides. They emphasize 'different forms of monetization or even adjustments to firms' business scope', as new technologies stimulate new forms of value creation and innovative modus operandi. This idea of assets and downsides also applies to human and societal value. As we explore in our series 'AI and Wisdom' digitization has considerable potential to enhance society and the environment.

However, its dark side also needs to be carefully managed. For example, the questionable ability of AI to make ethical calls, 'black boxes', biased algorithms, data misuse, and the vulnerability of not only blue collar, but increasingly, white collar jobs. More than technical leadership, these demand wise leadership.



Key question:

Do I know how to create human and social value from digitization?

6

Transformation

In their pursuit to bridge organizational culture and technological advances, successful CIOs are great cartographers, mapping out the steps in the digital transformation journey.

In this sense, transformation is a core skill, one that is deeply entrenched in a CIO's nature. It's particularly important to keep this top of mind since the digital role remains relatively new, and board expectations are still often fixated on operational improvements. Views need to broaden. So we should consider transformation not as a set of simple changes, but as "the comprehensiveness of the actions that need to be taken when organizations are faced with [these] new technologies." (Singh and Hess 2017).

Key question:

How confident do I feel about my personal ability to drive digital transformation?



Digitization demands strategic leadership. The digital leader embodies transformation as a holistic experience, tying into organizational goals the opportunities — and risks — of the digital era.

Digital Strategy | 4 Pain Points

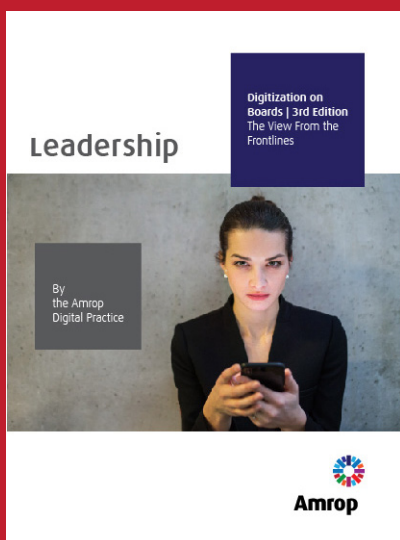
How do digital leaders rate their own competencies?

To test our model and take the temperature of digital leaders concerning their own abilities, we incorporated the ADCM indicators into our 2019 study, inviting digital leaders to self score.

In the Strategy dimension, we found 4 indicators in which less than 4 out of 10 digital leaders felt fully confident in their own abilities:

1. Vision
2. Commercial
3. Customer-centricity
4. Value Creation.

To find out more, see our report.



Digitization on Boards 3rd Edition The View from the Frontlines.

www.amrop.com/thought_leadership

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With over 70 offices in all world regions, Amrop is a trusted advisor in Executive Search, Board and Leadership Services. Amrop advises the world's most dynamic organizations on finding and positioning Leaders For What's Next: top talent, adept at working across borders in markets around the world.

Amrop's mission: shaping sustainable success through inspiring leaders.

Amrop's global Digital Practice combines deep sectoral knowledge with local market expertise, backed by global resources and integrated cross border key account management. We have long term partnerships with our clients on the digital transformation journey. Not only in delivering critical assets — the Leaders For What's Next — but in assessing boards and management teams, implementing succession planning and talent management solutions.

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