Leadership

What Really Counts in Digital Leadership?

A New Model For Digital Competencies

Chapter 3 | Culture

By Job Voorhoeve

Amrop

Leaders For What's Next

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Background

The quest for digitization demands exceptional leaders, bridgebuilders fluent not just in digital engineering, but in the related dimensions of strategy, culture and organization.

This leads to a big question for non-tech organizations: defining a clear profile for CIO's, CDO's and their equivalents. At the highest level, what is the purpose of digitization? Serving which organizational domains? How can we drill all of this down into a clear and coherent set of competencies?

About the ADCM

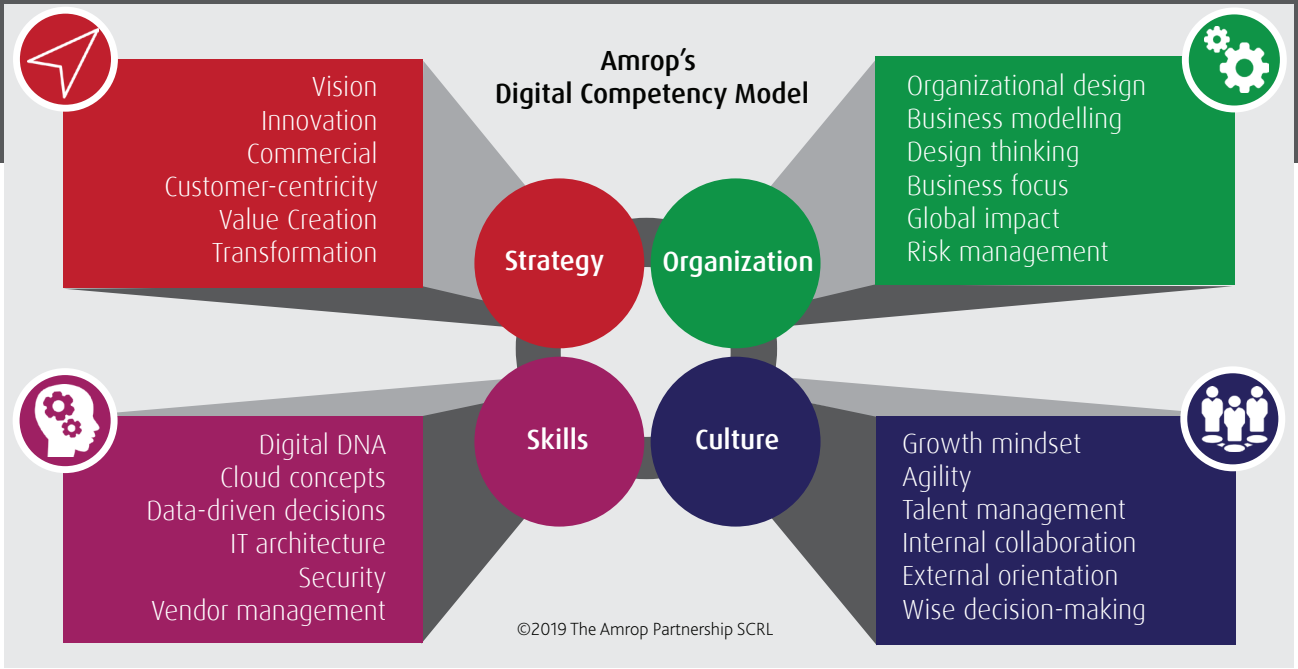
Amrop's Digital Competency Model (ADCM) is a 4-dimensional dashboard with 24 sub-indicators. More than a theoretical model, it is based on hundreds of observations from our interactions with clients and candidates. It also owes much to the rich pool of academic literature sparked by digital transformation.

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

As Peter Drucker famously said: "culture eats strategy for breakfast." The fast-moving and complex environment of digitization is no exception to the rule. For a digital strategy to grow and flourish, it must be rooted in a working culture that is developed and exemplified by a progressive CIO.

Looking at the ability of digital leaders to create a digital culture, our 2019 study found at least some encouraging signs: 50% are succeeding in building a sense of cohesion in a fragmented organizational picture, fostering collaboration across internal silos and departments. However they were less than confident in their *agility* and in their ability to cultivate *digital learning organizations*.

What exactly are the competencies needed for a CIO to foster a digital culture? This is the focus of this third chapter of our four-part series unpacking Amrop's Digital Competency Model.



1 Growth Mindset

As a senior leader, the CIO's mindset determines the values and behaviors that shape digital transformation in all an organization's spheres of operation. A growth mindset in particular is a primary competence. This is because the greatest outcomes of an innovative digital vision are the ones that demand the most stretch and ambition.

Key question:

How confident do I feel in leading stakeholders towards new opportunities and challenging goals?

In describing the 'fixed and growth' mindset, psychologist Carol Dweck explains that intelligence, talent (and thus success) are qualities that are either seen as fixed, or as open to development and constant improvement (Gino & Staats 2015). CIOs with the second belief tend to invest more time and effort in their initiatives and so achieve more. They embrace transformation challenges by overcoming the fear of failure. Not only do they fearlessly look challenges in the eye, they see them as opportunities to learn and improve. In this way, even audacious goals become attainable.

Given the instability and speed of the digital playing field, risk is ever-present. A growth mindset is the optimal starting point for a leader to take a positive view of risk in a way that leads to adaptation and innovation. The proviso, as we have seen in Chapter 2 of our series (Organization), is for digital risk to be appropriately managed.

2 Agility

Key question:

How confident am I in cultivating stakeholder willingness & ability to experiment, flex & adapt?

Establishing a true digital culture is an ongoing exercise. It means constantly re-shaping and adapting the digital terrain, positively influencing stakeholder perceptions throughout.

Neubauer et. al (2017) describe the ideal leader for the digital age as an agile leader. The researchers studied executives who outperformed their peers in the unstable environment of digital transformation. They found that agility was a distinguishing factor; a conglomeration of skills and behaviors that contribute to success. (Non-agile leaders, in comparison, perform better in more stable contexts).

What does agility consist of? Adaptability, vision and humility, behaviors such as fast execution and informed decision-making, are integral elements. Agility means that even relatively static organizations can "compete and win in this new digitally-disrupted world if their leaders are able to adapt to it" (ibid.).

This is a real shift in the concept of leadership, towards a more flexible and holistic view. Humility in particular, (traditionally under-rated), is key for digital leaders to thrive in their disruptive habitats. For Neubauer and colleagues, humility means "learning to accept, welcome, and leverage the knowledge of team members, peers and employees for the benefit of the business". This is why humility is such a crucial aspect of agility. Accepting that he doesn't have all the answers, recognizing the contribution of others as a learning opportunity, help CIOs to build and run teams that truly get to grips with digitization. Moreover, humility doesn't need to conflict with self-confidence or assertiveness. It is an attitude of respect, a spirit of collaboration that turns talent management into an asset for digitization.

3 Talent Management

Key question:

How confident am I in ensuring we learn & develop the necessary digital skills & capabilities?

Talent management is a set of attitudes and measures that are geared to optimizing human resources to meet the goals of digital era.

It includes the recognition of the strengths, pitfalls and needs of employees. CIOs who attract, manage and retain talented staff are adept in providing concrete and constructive feedback. They facilitate opportunities to develop personal potential, and show overall interest in the constant improvement of talented colleagues (Førlob 2006).

They also emphasize diversity of thought, cultivating an inclusive culture as they understand the positive effects of diversity on business performance. Good digital talent acts as a magnet for more good digital talent. However, this raises another challenge: aligning newcomers with established corporate rules (Jordan 2018). Particularly in the case of a younger, digital native demographic, traditional organizations must develop a strategy that blends the need for alignment with the specific motivation factors of this (atypical) talent pool.

4 Internal Collaboration

In order to bring out the best in an organization's talent, digital leaders have to enhance internal collaboration. Solving digital challenges means that CIO's must introduce fluidity into the dynamics between functions, divisions and tasks. As such, they encourage non-traditional systems with mobile boundaries and linkages.

To foster internal collaboration a CIO needs specific technical skills. These include "developing data-quality assessment methods or mechanisms; cataloguing data products, sources and standards; creating processes for managing metadata or master data; engaging in information-product mapping; and establishing data-governance structures". (Lee et. al 2014).

The MIT Sloan Management Review and Deloitte's Third Annual Report (2017) single out cross-functional collaboration as a distinguishing factor of organizations that have successfully embraced digitization. When digital business becomes a priority, the way of working moves from isolated tasks and departments, to an integrated flow.

For example: "as digital platforms allow customers to approach the company's product line as a coherent whole, the company will likely need to reorganize in order to meet these customers' needs effectively."

When the way of working is transformed, internal collaboration is a pathway to expose people to constant interconnection and mutual learning. All in the name of an agile adaptation to digital change.

Key question:

How confident am I fostering collaboration & exchange across internal silos and departments?

5 External Orientation

Internal collaboration has a sister — external orientation. The outward-looking CIO can "identify, develop, and sustain external partnerships by working collaboratively on analytics projects" (Wiseman 2017).

External partners can be selected among multiple fields, working on a non-financial, win-win basis with compatible businesses, civic technicians and academics.

Key question:

To what extent do I encourage an outward-looking mindset, ensuring we're up to date with digital trends?

Alliances like these can create a flourishing ecosystem for learning and innovation. When external orientation is run in a flexible and agile manner, customers, technology suppliers and providers in the network can blur boundaries in a way that mirrors the fluid dynamics of internal collaboration (Holotiuk & Beimborn 2017).

6 Wise Decision-Making

We summarize wise decision-making as 'ethical, responsible and sustainable'. Wise leaders are not just commercially accomplished or cognitively smart, they make responsible decisions and skilfully resolve ethical dilemmas, addressing socio-ecological challenges in a holistic way. Significant evidence supports the argument for wise leadership, and by association, the wise CIO.

Key question:

To what extent do I emphasize an ethical, responsible and sustainable approach to digitization?

The digital era has raised a host of new dilemmas which the CIO must address. For example, in creating more profitable relationships with consumers, to what extent should consumer data be used to predict (and influence) individual choice? In accessing data, should organizations just comply with the *letter* of the law? Or aim for the *spirit* of the law, restricting data access more than is legally necessary? Given advances in AI and robotics and their potential to gain efficiencies and replace humans, how should digital innovation strike a balance between *profit*, and *people*?

Amrop's Wise Decision-Making Model (2018) addresses factors within a leader's scope of control according to 3 axes: *Self Leadership* (moral compass, cognitive and affective intelligence, bias and risk management), *Motivational Drivers* (leadership and career choices) and *Hygienes* (mindfulness and feedback-seeking practices). Together, these address the leader's propensity to make ethical, responsible and sustainable decisions. The CIO occupies a central position in modern business. So she needs to truly exemplify wise decision-making, transmitting its principles and behaviors into the digitization culture. She sees beyond the technical boundaries of digitization, to its wider, and profound, implications.

Digital Culture | 3 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 Culture dimension, we found 3 indicators in which less than 4 out of 10 digital leaders felt fully confident in their own abilities:

1. Talent Management
2. Agility
3. Wise Decision-Making

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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About the Author

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. As an Amrop Partner, Job has also followed several IMD executive programs.

About the Amrop Digital Practice

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.

- AI/Machine Learning & Big Data Analytics
- Chief Digital Officers (CDO), Chief Information Officers (CIO) and Digital NEDs
- Cyber Information Security Officers (CISO)
- E-Commerce, Sales Executives
- Scale-up, Venture Capital
- Media & Entertainment
- Fintech
- Telco

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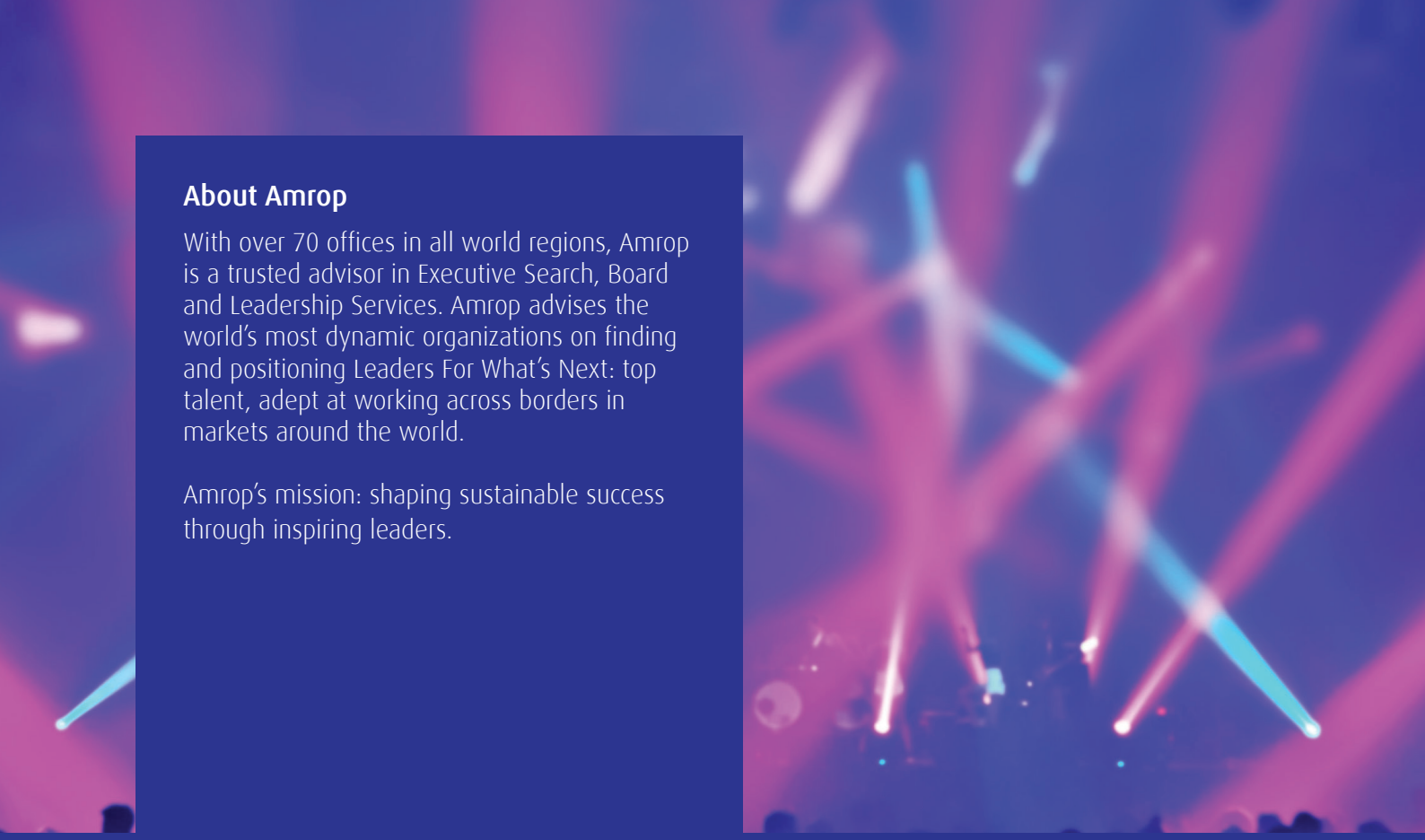

About Amrop

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.