

Leadership

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

Chapter 4 | Skills

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.

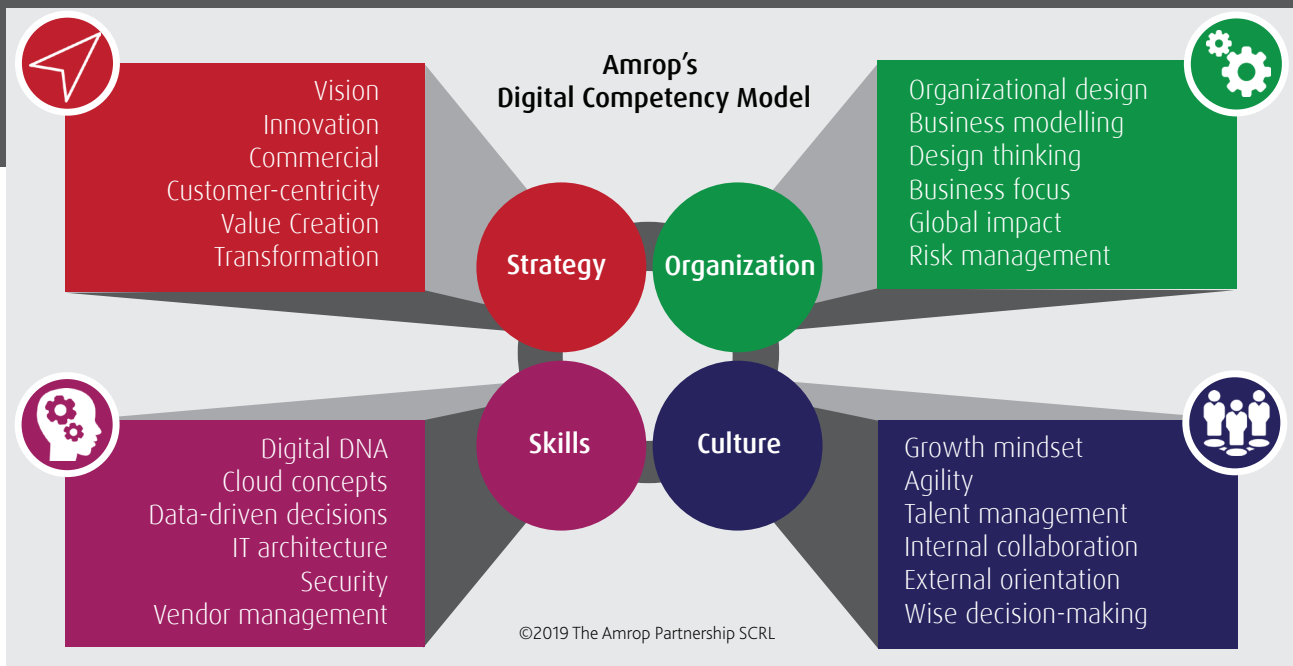
In 2019, an Amrop Study: 'Digitization on Boards, 3rd Edition', exploring the challenges faced by C-suite digital leaders confirmed the need for a role framework: 41% said they lacked a clear role profile when they joined the organization. And only 18% were assigned a senior mentor or coach.

So far, we have unpacked three dimensions of our Digital Competency Model: Strategy, Organization and Culture. The race to digitize in all forms of organizations has confirmed the CIO's role as a defining one in modern business. The bandwidth to 'stop missing out on digital opportunities' at minimum, and to 'transform business models through digitization' at best, distinguishes this from other corporate roles.

Yet digital leaders are too often 'voices in the wilderness'. Boards broadly appreciate digitization and its ambassadors. But too few are sufficiently literate in the domain to give it the traction it needs. Our study found that whilst 69% of digital leaders say their boards prioritize digitization, only 28% feel that their boards fully grasp its meaning and scope. And only 41% understand the challenges faced by digital leaders, and support their efforts.

Enter the 'T-shaped' CIO profile, bridging leadership capacity with a robust technical skillset. However, only half of the digital leaders we surveyed really think they have digital DNA. Whilst this gap is probably a natural outcome of the T-shaped profile, it naturally leads us to our final chapter: channeling technical competence into six core facets.

The Digital Organization | The 6 Competencies



1

Digital DNA

The best CIO's have a highly-developed digital DNA that completes their leadership role as a bridge between technological advances and organizational challenges.

The digital leader should be able to find compelling and forward looking answers to the big questions: "how will digital disruption precisely affect my industry and business? How fast will it happen? What are the essential next actions needed to redefine my company's role in the digital world of tomorrow?" (Deloitte 2015).

As a digital-savvy evangelist, the CIO embodies the power to shift a company from traditional processes and structures into its new, digital future.

Key question:

Is digitization a core competence and 'sweet spot' for me?

2

Cloud Concepts



Cloud concepts are a key expression of IT optimization. Understanding and implementing transformation in the domain is one of the most important assets a CIO can leverage.

Cloud computing differs from more traditional approaches to IT by processing data through innovations such as virtualization, application containers, and serverless computing. These allow an elastic use of IT products and services, while reducing costs. As such, cloud concepts enable agility.

The cloud "makes use of computing resources on an immediate basis, rather than a need to first invest time and skilled resources in designing and implementing infrastructure (hardware and middleware) and/or applications, and then deploying and testing it." (Cloud Standards, 2017). But its benefits won't materialize if business leaders fail to match it with a company's IT environment. It is the CIO's role to map digital capabilities and strategically engage business processes with cloud concepts. From getting closer to customers, increasing sales, to sharing data with important third parties, the right digital leadership enhances the integration of cloud concepts into the wider business strategy. As such, the digital cloud becomes a true rainmaker to fertilize organizations.

Key question:

Do I have a clear and up-to-date understanding of cloud concepts and applications?

3

Data-driven Decisions

If cloud concepts facilitate smarter data harvesting and use, there is an unprecedented opportunity to re-think business through data-based decisions.

As IBM CDO Inderpal Bhandari (2017) put it: "What technologies can be applied to best take advantage of data? To extract insights that can help make more informed business decisions? What job functions can data be applied to? How can data be applied in these functions?"

He stresses that the digital leader plays a unique enabling role in shifting data use towards a significant strategic asset, including creating value through analytics. Wiseman (2017) also cites cases in which solid data is leading to a more informed, responsive and efficient decision-making process in *governmental* affairs.

As big data gets ever bigger, it is the CIOs responsibility to assure not just quantity but quality, building a trustworthy resource that makes sense for related departments, from HR to marketing (Bhandari 2017). So efficient data management in today's complex competitive landscape is one of the leading CIOs most outstanding capabilities. She is in charge of adapting and reinventing IT assets, working at a rapid and smooth tempo, in step with business strategy.

Key question:

Am I clear on how to harvest big data in a way that supports management decision-making?



4

IT Architecture

MacCormack et al. (2015) express IT architecture as the competence of ensuring that diverse information systems and other IT components run along a company's goalsetting lines, by providing agility in business.

In comparison with enterprise architecture, IT architecture "implies a more "bottom-up" approach to design"; the aim is to create systems that can sense and respond to unpredictable challenges.

As mentioned, data management is a powerful expression of IT architecture. The CIO links IT experts and data analysts with executives, placing data-related issues at the center of the business agenda. As he facilitates these interconnections, the CIO becomes accountable for the architecture of digitization processes (Lee et al. 2014).

Key question:

To what extent do I feel confident overseeing the design of IT architecture?



5

Security

The overwhelming advantages of the effective use of data and IT assets also carry potential, significant, pitfalls. Part of the architectural role of a CIO is to ensure data privacy and security.

This is particularly important, given that "increasingly corporations are the target of malware and cyber security attacks that result in the capture and possible exposure of sensitive corporate and customer data, lost revenue and litigation" (Bhandari 2017).

Key question:

Am I up-to-date with security needs, regulations and processes across our operating markets?

CIOs should scrutinize technological advances with a toothcomb, to avoid, at all costs, the deviation of innovation into major threats. DalleMule and Davenport (2017) set out a core paradox; *data is both a need and a weak spot for business*. They present data defense as a key tool to minimize risks; "ensuring compliance with regulations (such as rules governing data privacy and the integrity of financial reports), using analytics to detect and limit fraud, and building systems to prevent theft", as well as to "ensure the integrity of data flowing through a company's internal systems". They recognize the significant contribution of the CIO as a starting point but emphasize the need for a coherent strategy to follow the speed of tech-related threats. It is the role of the CIO, as the ambassador of digitization processes, to reinforce the adaptability and dynamism of that strategy.



And so we arrive at the last, critical item of our model. Digitization, attached to an effective and safe set of guidelines, should walk hand in hand with strong external relationships.

Vendor management can be described as a discipline to obtain as much value as possible from contractual arrangements, ensuring that clients get the desired services or products (Deloitte 2012).

This implies assertive communication with all parties involved in an operation, from contractual agreements, to finance and risk, ensuring any issues are promptly identified and solved. Vendor (and supplier) management is a crucial element in the supply chain of IT services, one that includes clients and partners. These interconnected relationships are crucial for business success.

Given this, the increasing attention paid to vendor management by top executives is hardly surprising. It is vital to “enable the operational transparency and process consistency needed to drive business benefits such as enhanced data analytics and customer insight” (England 2016).

A competent CIO reconciles vendor management and digitization, applying strong management principles that generally apply vendor processes to digital tools, as well as inserting digital innovation into high profit outcomes.

Key question:

Am I competent in managing large-scale vendors/suppliers?



Digital Skills | 2 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 Skills dimension, we found 2 indicators in which less than 4 out of 10 digital leaders felt fully confident in their own abilities:

1. Security
2. Data-driven Decisions

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.