

THE D SUITE: DIGITAL, DATA AND DISRUPTION IN THE BOARDROOM



INTRODUCTION

We live in disruptive and incredibly fast paced times. The prolific rise of digital technology and data science is reshaping every facet of society – how we shop, communicate and play. It is also having a profound impact on how we work and how organisations operate. No business can – nor indeed should – avoid the implications, challenges and opportunities that come with embracing digital transformation.

Customers and employees alike have the web at their fingertips 24/7. Mobile technology means that people can make purchasing decisions anytime, anywhere. In addition, people are telling businesses what they want, like and don't like, constantly. This not only offers organisations the potential to enhance interactions with key stakeholders, transform customer experience and engender customer loyalty but it also gives them access to an enormous amount of data, which in turn holds vital business intelligence.

Data in particular is driving the evolution of business and the workspace and this is only set to grow, considering we have barely scratched the surface of the A.I, Machine Learning (ML) and the cognitive computing revolution.

All this emerging technology means that new products and concepts can be brought to market faster than ever. Nimble start-ups and established business giants alike are harnessing technology to disrupt traditional business models, respond to customer demands and steal market share. According to Forbes Insights, **51%** of leaders report a high level of risk to their organisation in terms of market share and revenue over the next five years from technology driven disruption from start-ups or innovations by incumbent companies. This brings as many challenges as it does opportunities. One of the biggest challenges for businesses is in how to respond quickly, but appropriately to the disruption occurring around them so that they are able to harness the opportunities that change brings, especially as research from **McKinsey shows that by 2030, 30% of industry revenue will come from new business models.**

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LEADING IN AN AGE OF DISRUPTION

In this world of constant disruption, where speed, agility and innovation are key, the pressures on leadership teams from across industry are multi-faceted and growing. Harnessing digital transformation to respond to disruption and – indeed – to be a disruptor, requires a fundamental shift in business model, impacting everything from customer experience and operations to marketing and culture.

Leaders in this age of digital, data and disruption need to be agile, nimble, adaptable and capable of driving a culture of innovation and continuous improvement. They need to understand how digital technology and data can shape their organisations and those of their competitors, be vigilant to the ever increasing risk from cyber crime, while still retaining the foundations of traditional leadership in terms of displaying emotional intelligence, a sense of purpose and realising the art of the possible.

Strong leadership is perhaps more important than ever in this age of disruption. Fujitsu's most recent Global Digital Transformation Survey found that leadership was one of the key success factors when it comes to digital transformation. The same survey also found, perhaps unsurprisingly, that lack of leadership is a significant challenge for digital transformation. **Worryingly, Deloitte's latest Global Human Capital Trends Report found that only 5% of companies feel they have strong digital leaders in place.**

LEADERSHIP IS ONE OF THE KEY SUCCESS FACTORS WHEN IT COMES TO DIGITAL TRANSFORMATION

Fujitsu, Global Digital Transformation Survey

EMERGING ROLES

Perhaps unsurprisingly, leadership roles have changed and developed in recent times to reflect the key role all things digital, data and cyber now play. Chief Data Scientist, Chief Digital Officer, Chief Data Officer, Chief Transformation Officer and Chief Cyber Security Officer – these are not roles that existed until recently, but are now joining the C-Suite and are certainly influencing the executive.

The traditional leadership team is rapidly evolving. The trinity of the CEO, CFO and COO still stands firm, however, new 'Chiefs' and triumvirates of CIO, CDO and CMO or CPO are forming and joining the table reflecting the hugely transformative role that both digital and data are playing across every industry and function of an organisation.

Gartner predicts that by 2019, 90% of large organisations will have a Chief Data Officer while research from PWC shows that 19% of top global companies now have a Chief Digital Officer, 60% of whom have been hired since 2015 and 40% of whom are also C-level members. The Chief Digital Officer role however will in a relatively short time cease to exist as there will be no such thing as a non-digital company.

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DEVELOPING DIGITAL LEADERS

While such change brings huge opportunities for growth, it also raises challenges. For example, for a recent Executive Search mandate, 78% of the CDOs we engaged with were in their first senior leadership role. As such, they will have limited experience of how to operate at executive level and speak 'executive' language or use it to obtain the critical stakeholder buy-in and investment.

However, there is much that both the 'old' and 'new' Chiefs can learn from each other. Dynamic, forward thinking businesses appreciate that Data and Digital now affect nearly every aspect of an organisation, at all levels, and can't be viewed solely as a technology issue – they offer a way to transform business operations for the better. With this come different approaches and new, agile ways of working. Chief Data and Digital Officers can help to introduce these working methodologies and further educate their peers about the power of Digital and Data, helping shape business strategies in order to deliver exceptional and innovative customer centric experiences.

In turn, more established board members can help those in their first leadership roles to develop the unique skill set needed at such a senior level. This includes not just excellent business acumen and a focus on solving business problems but also softer skills such as Emotional Intelligence (EQ), speaking the 'right' executive language and building collaborative networks.

78%

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IDENTIFYING FUTURE LEADERS

Finding good digital leaders is not as simple as identifying the candidate with the most experience and expertise in digital technology, data, or cyber. With such a rapidly evolving domain, modern leaders should have a unique skill set, which combines a wide range of business, technical and 'softer' skills.

An organisation's digital maturity will also play a big role in the type of senior roles needed. Relatively digitally immature organisations for example, may benefit from a Chief Transformation Officer, or a Chief Digital Officer. Those who have already embraced digital transformation to the extent that it is an ingrained part of the business may be at the stage where they can drop the 'digital' from job titles, as for them, there will be no such thing as a non-digital role!

However, there are some core elements that need to be considered regardless of digital maturity.

Modern leaders need to be agents of change more than ever. They must be a visionary, a disrupter and a master storyteller who needs to be able to articulate the art of the possible to a wide variety of groups, hierarchies and stakeholders.

Key considerations include:

- ★ **The importance of emotional intelligence**

While a high IQ is undoubtedly an important factor, it is not the only measure of intelligence that should be considered. Equally important is emotional intelligence or EQ, which affects how we manage behaviour (both our own and others'), navigate social situations and make decisions.

It is distinct from one's wider intellect but can be acquired and improved with practice. It is also vital in senior leadership roles, as being able to recognise your own and others' emotions and interact with colleagues accordingly is incredibly important to building influence, story telling and developing effective relationships.

EQ

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IDENTIFYING FUTURE LEADERS

★ Speaking the right language

Many data scientists rely on the data to do the talking for them, but at executive level, they need to be able to create a vision and build a narrative of the “art of the possible”, to articulate and – importantly – sell it to the senior leadership team.

For many organisations, data is still a relatively immature function. Therefore, leaders will need to be able to champion data and evangelise about what a good data strategy can achieve for the organisation.

This will also mean they need to take an enterprise wide view. The expertise built in a data team need not be focused just on customer centric insights or marketing but can also be exploited across the business functions, be that finance or HR, to help the executive make better informed business decisions.

★ Building networks

Unlike more traditional and well understood executive roles such as the CFO or CIO, new roles such as Chief Data and Digital Officers have no established network of peers to learn from and collaborate with. Their backgrounds vary from IT and marketing to pricing analytics and data science. In addition, the role of the data function is less well understood by traditional executives and their functional accountability.

Digital and data by their very nature cut across an organisation and the CDO's need to be able to establish their position as collaborative executives and build a support network.

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FINDING THE RIGHT TALENT

Sourcing talent with the right combination of traditional leadership skills and exceptional digital acumen can be challenging, especially when organisations consistently make the same mistakes in their approach.

These include:

★ **Treating succession planning as the 'poor relation'**

While businesses invest significant time and financial resource in implementing and executing talent management strategies, many fail to acknowledge the importance of succession planning. Often seen as the 'poor relation' of talent management, succession planning is not always given the attention it deserves, yet if not looked at correctly, it can have severe repercussions. Ideally, succession planning should feed into a wider talent management programme and take a long-term strategic view. A key part of this needs to be establishing what future potential looks like and how it can be nurtured.

★ **Focusing on current top performers**

Many organisations take the approach of looking at current top performers and earmarking them for leadership. Yet just because an individual is, for example, performing brilliantly in a sales role, this does not mean they will excel in the many areas that are needed for good leadership. Merely focusing on performance does not take into account crucial elements such as aspiration or motivation.

Another common approach that businesses take when it comes to succession planning is to bring people up in silos, without exposing them to other business functions and operations. Good succession planning should first identify who has potential (beyond just current performance indicators) and then look to expose these individuals to different areas of the business. For example, if they are going to be expected to manage multi-disciplined teams as a future leader, then they need to have an understanding of each of those business disciplines.

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FINDING THE RIGHT TALENT

★ Hiring in your own image

Although it may be tempting for the existing leadership team to hire future replacements in their image, to do so may be to ignore the issues future leaders will need to address. The business world is rapidly changing, with new models and technologies turning traditional practices on their heads. Future business leaders need to have the skills to operate in a brave new world. In addition, organisations need to look at the bigger picture, including where the business is now, and where it wants to go. It may be that the current CEO is a transformative leader, who has taken the company on a journey of change. The next CEO does not necessarily need to have the same transformation skills, but instead may need more of a stabilising leadership style.

★ Looking at the job title, not the problem that needs to be solved

When it comes to recruiting senior leaders, rather than refreshing an overly-detailed job specification which probably hasn't been looked at for years, organisations need to **spend more time thinking about what problems the appointment needs to solve.**

Senior leadership teams need to ask themselves what they want any new senior appointment to bring the team (given that technical excellence should be just the basic requirement). What are the success criteria? Be equally clear about the personal characteristics needed.

★ Not thinking outside the box

All too often organisations look for talent in the same small pool. Yet hiring from competitors is not always the way forward. It can be argued that if organisations only look to their competitors, they will hire followers, not leaders. Organisations should not be afraid to look outside their industries for talent as many skills will transfer over and fresh eyes from a different business sector can see problems more clearly than those who work in it day to day. They may have already seen and solved very similar issues.

Every industry has its own specialisms and technical know how, whether this is front of office trading or nuances in manufacturing where industry knowledge is key, but many skills are transferrable.

SENIOR LEADERSHIP TEAMS NEED TO ASK THEMSELVES WHAT THEY WANT ANY NEW SENIOR APPOINTMENT TO BRING THE TEAM, AND BE EQUALLY CLEAR ABOUT THE PERSONAL CHARACTERISTICS NEEDED.

FINDING THE RIGHT TALENT

Organisations also need to rethink their approach to working practices and become more open to part-time and flexible working.

★ Not appreciating the importance of purpose

What do Steve Jobs, Nelson Mandela, Angela Merkel and Richard Branson all have in common? On the face of it, not a great deal – they're all leaders with very different styles and behaviours. But they do share one common trait, which is a strong sense of purpose.

An evidenced-based leadership model – the result of research as part of a collaboration between Kingston Business School's Wellbeing at Work research group and Adastrum Consulting – looks to provide a clear, evidenced-based foundation for understanding the process of leading with purpose and why it is central to success. Key findings from the research and resulting model show how focusing on a sense of purpose can lead to success. As such, it is important for organisations to establish any potential senior appointment's sense of purpose at the earliest opportunity.

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A NEW APPROACH TO LEADERSHIP DEVELOPMENT

Rapidly evolving technology and disruptive business models call for a different approach to leadership. As such, a new approach to how leaders are developed is also needed.

A great digital leader is a hugely valuable and impactful resource, who can help transform a business, deliver effective growth strategies, build great teams and of course make the difference between success and failure for an organisation. With such high stakes at play, it should come as no surprise that identifying, developing and retaining quality leaders can be a challenge. This is why leadership development has such a vital role to play in both identifying successful leaders, and also pinpointing areas for growth and development.

However, traditional development tools tend to focus on standardised characteristics of leaders, (how they behave, think and feel) independently of the context of the environment that they will be applied in: **leadership does not exist independently of its application!**

For too long there has been a spotlight on specific sets of static characteristics and a focus on 'leaders' and 'followers'. However it is hugely important to take a holistic approach that goes beyond behaviour and personality types. This should look at how success is defined; explore a leader's sense of purpose and how their leadership style and the organisational context of the environment they are leading in act as a facilitator or barrier to achieving successful outcomes.

This is a notion that has been backed up by groundbreaking research Adastrum Consulting carried out with Kingston Business School's Wellbeing at Work Research Group. The findings identified that a sense of purpose, not a specific set of characteristics, is the key to successful leadership. However, characteristics as well as timing and importantly context can act as barriers or facilitators to purpose.

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It also showed that a leader's sense of purpose is more likely to translate to success if certain key facilitators are present, and if certain key barriers are absent/overcome. Facilitators of and barriers to success exist both within (self) and outside (environment/culture/organisation) of the person.

That is not to say that behaviours are not important, as they facilitate a leader's sense of purpose. For example, the research demonstrated that key behavioural facilitators included behaviours relating to an individual's ability to develop trust, adapt to change, influence others, create vision and have the fortitude to see things through.

In the same way, exploring key contextual elements such as whether an organisation's structure supports what an individual leader wants to or has been asked to achieve or whether they have sufficient responsibility to perform at their best, is hugely important.

Helping leaders to develop in this way can help to show not only how well individuals lead but also to what extent their organisation aids or hinders them in being successful, combining leadership development and organisational diagnostics.

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FINAL THOUGHTS

The opportunities presented by digital technology and the data it enables are endless. Many organisations are at a tipping point, where they can either embrace disruptive technology and new operating models, or be eclipsed by competitors that do.

With the right mix, balance and approach, evolving leadership teams can work together to successfully harness these opportunities, drive growth and realise the art of the possible!

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