

Leadership

Digitization on Boards | 3rd Edition The View From the Frontlines

Full Report

By
the Amrop
Digital Practice



Amrop

Leaders For What's Next

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Introduction



Amazon is eating up our market share every day. We still protect our traditional business, instead of focused investments in digital initiatives.

Chief Digital Officer

Few leaders are in any doubt that digitization is reshaping business in the most fundamental ways. And yet there are major gaps between knowing and doing. Especially in non-tech organizations, digital representation at board level has remained low over the past few years. The digital picture is out of focus and multiple questions still surround its purpose and implementation. And in the background, young, agile digital organizations will continue to consume the market share of legacy players.

And yet there is everything to play for. As non-technical organizations continue to face difficulties in bringing digitization alive and fulfilling its vast potential, this study takes a look behind the scenes of non-tech companies as experienced by the people at the forefront of change.

To sharpen the digital picture, we surveyed 159 C-suite digital leaders to discover exactly what factors are getting in the way of progress. And indeed, what can help organizations move forward: the guiding lights in the fog.

Their answers give important insights into the digitization picture - a diagnosis of what is really going on, and with that, some vital keys to transformation. In this report, we explore:

- The biggest digital threats
- What digital leaders really think about the attitudes of their boards
- How digital leaders experience their hiring and onboarding
- How they rate their own digital competencies: strategy-setting, creating a digital culture, engineering the digital organization — and their own technical skills.

If you are a digital leader, or concerned about the state of digitization in your organization, we invite you to read on.



Topline Findings

The Organization

Digital leaders have an uphill struggle.
45% report a lack of dynamism and speed.

Digital leaders are blocked by fragmented, complex structures, difficulty identifying stakeholders, and a lack of shared strategy. Around a third face questions surrounding ROI, and suffer from a lack of resources. In 50% of cases the focus is on cost rather than benefit, with a general lack of realism or patience regarding digitization. There is also some vulnerability in the machine: a quarter to a third of digital leaders are on red alert regarding 4 threats: data processing, digital risk, government regulation and the potential frustration of customers.

The Board

Top service is falling short of action.
Only 33% of digital leaders are truly supported in processing initiatives, or properly resourced.

Boards do prioritize digitization, according to 69% of digital leaders. They give space and a listening ear, seeming to understand the challenges. However, only a third of digital leaders report strong follow through by boards in terms of processing and resources. Around half feel that their boards lack real understanding of the meaning and scope of digitization - especially in terms of business model transformation. The focus is (too) often on operations or the customer interface.

The Role

Care is needed beyond the honeymoon.
Only 18% of digital leaders are assigned a mentor or coach.

On stepping into their new organizations, digital leaders get a bright start: 80% encounter an inspiring role profile. Two thirds, perhaps unsurprisingly, have no problem deciding to join, and are helped to integrate with key stakeholders. But only half feel really well-informed by their onboarding, or helped to have a quick impact. And only one in five is assigned a senior mentor or coach.

The Competencies

Digital leaders are generally confident. But closer examination reveals weaknesses.
We find 13 areas in which under 40% of leaders feel fully confident.

Amrop's Digital Competency model is based on our observations from hundreds of interviews with digital leaders and hiring organizations, as well as the academic literature.

Comprising four dimensions and 16 related indicators, we crystallize the core competences needed for CDOs and equivalents. Singling out those who fully agree they are confident and competent in each indicator enables us to pinpoint key areas to take digital leaders from 'good' to 'great'.

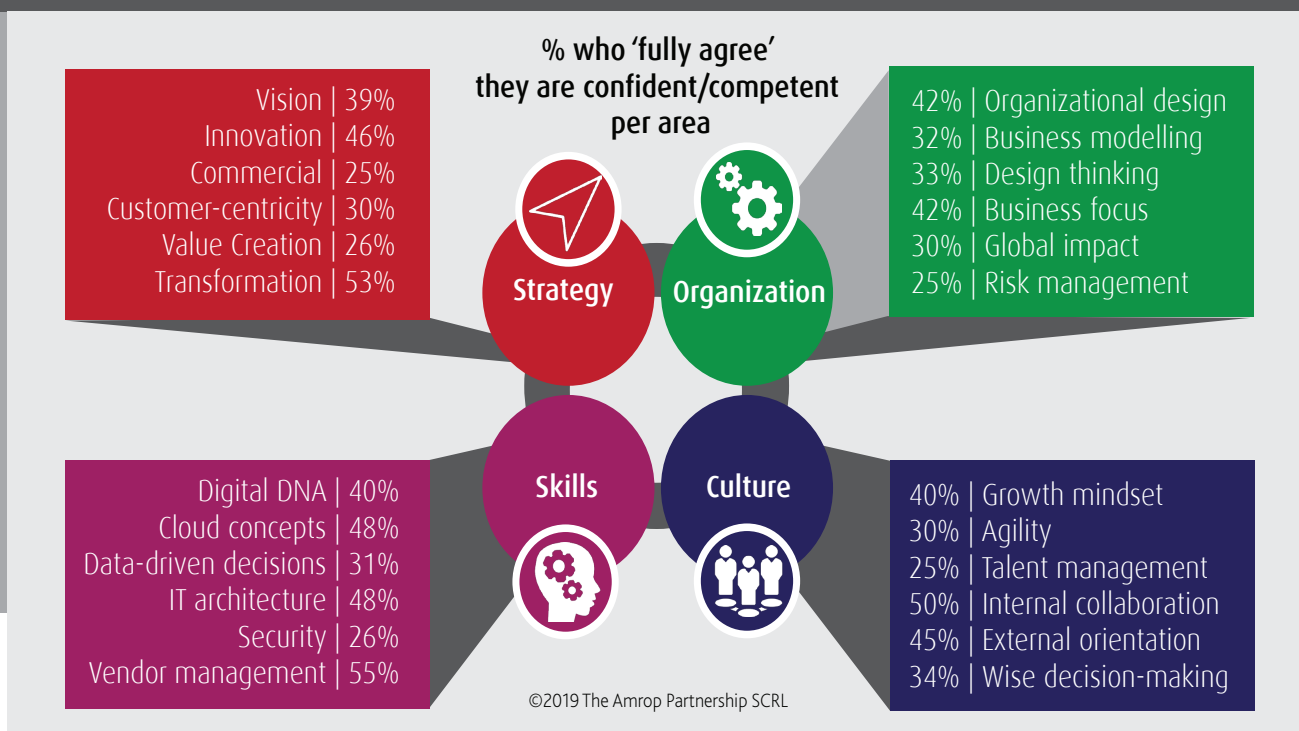
On the next page, we share the topline results.

Digitization is just a hype word. Nothing has really changed: the core thing is still to have brilliant business transformation ideas first. Technology and more connected world just enables to execute ideas faster and easier.

Chief Information Officer



Topline Findings | Digital Competencies



At first glance, leaders seem quietly confident about their abilities: they give themselves an average score of around 4 out of 5 in each of the 4 dimensions. However, singling out those who fully agree they are confident or competent enables us to pinpoint the key areas where coaching and support are needed in order to take digital leaders from 'good' to 'great' — and bring the digital dream to life.

Strategy | There is a gap between top-line transformation and bottom-line value-creation.

53% of digital leaders are fully confident in their ability to drive transformation. But Only 25% are really able to define commercial performance indicators for their digitization efforts.

Organization | A plugged-in digital infrastructure is relatively easy to achieve. But is it future-proof?

42% of digital leaders feel fully confident in the relevance of their digital infrastructure. But only 25% can say the same for their risk management capabilities.

Culture | Sense-making comes naturally for digital leaders. Getting others 'digital-ready' less so.

50% of digital leaders are able to bridge internal fragmentation. But only 25% are able to secure a real digital learning organization.

Skills | Digital leaders are highly competent overseers. Big data and security are challenging.

40% fully see digital as their core competence and sweet spot. But only 31% are fully clear on harvesting big data in a meaningful way and only 26% are fully up to date with security imperatives across their operating markets.

Management Messages

1

Sense-making, from executive suite to operations, has never been more important

We see two areas: first, setting a relevant digital strategy, and second, building an organizational architecture that integrates the right people, platforms and tools. Lip service from boards will no longer be enough.

2

Digital risk still requires urgent attention

Especially across operating markets, digital security surfaces as a concern throughout our previous and current research, and is one of the areas about which digital leaders feel the least confident. This needs to remain a key focus area for boards and digital leaders.

3

Boards need to urgently improve their digital understanding

Even with the right digital representation on boards, no board, even (and especially) serving a non-tech company, can leave it to the experts. Open and constructive dialogue that is meaningful and relevant needs to be integrated into board agendas. A critical mass, if not all, board members need to get up to speed, and digital leaders need to be equipped to talk their language.

4

C-suite digital profiles must not only be inspiring, they must be clear

Beyond the 'T-shaped' ideal — combining technical expertise with leadership gravitas, digital leaders need a clear and concrete brief to get things done, one that is consistently supported by boards. This starts with strategy design, ideally co-created together with digital leaders, finance and operations, translated into achievable goals and milestones and connecting the dots across fragmented organizations.

5

In the domains of strategy, organization, culture and skills, digital competences need development in at least 13 key areas

Not only do digital leaders need and deserve the senior mentoring and coaching that most currently lack, we have pinpointed a range of focus areas. At the center lie commercial thinking, risk management, security and talent management. In the Full Report (Part 2), and based on our Digital Competency model, we single out those in which less than 40% of digital leaders feel fully confident, ranked.

Full Report



Foreword

By Job Voorhoeve,
Amrop Global Digital Practice Leader



Every day, we meet leaders of hiring organizations whose world is being turned upside-down by digitization. Many admit to a host of ‘unknowns’ which they are unable to clearly identify, let alone solve. As one CIO told us in the course of this research: “Digitization means multiple things to multiple people.”

It’s hardly surprising that many legacy organizations are struggling to survive. And if sectors such as retail and print media are amongst the hardest-hit, it’s fair to say that no industry will be unaffected by the ‘new normal’.

In our daily conversations with leaders, it often seems as if boards and shareholders are standing helplessly on the sidelines as their businesses - or whole markets - are efficiently consumed by digital virtuosos.

Other organizations are seizing the opportunity to evolve. The winning difference? They have installed leaders who can envision the big digital picture, and build the strategy to achieve it. Who blend business fundamentals with digital DNA.

However, the efforts of even the very best digital leaders will be set up to fail without the support of a board who does more than politely listen to what they have to say. Boards need to back and resource digital leaders throughout the change process they are working hard to bring about.

What separates the best digital leaders from the rest? We find a rich palette of competencies. One that, to date, has proved hard to capture. Because even if change may be nothing new, the skills are cutting edge.

Clarity is at hand, however, and you’ll find it here, in Amrop’s new Digital Competency Model. We offer the Model as a dashboard to support your search for the right digital leaders. Or to assess the capacity (or potential) of your current leaders to play the ‘change game’.

Amrop has dedicated this research to seeing digitization through the eyes of digital leaders. We open a window on the factors shaping and impacting the leadership skills that organizations will need to build a successful future in the digital era.

We hope that the answers of these leaders will provide you and your board with new insights into the precise nature of their challenges. That they will reveal what lies behind the often-confusing dynamics between boards and digital ambassadors.

Reading between the lines, you’ll find clues as to why so many boards are failing to invest in digital initiatives or make the most of those investments. And ultimately, why some companies are struggling not just to grow, but to survive.

We invite you to select the most relevant findings to build clear avenues for action in your team, your board, or your organization.

If, like so many, you see digitization as a puzzling threat, this report is designed to help you envision a clear opportunity.

We look forward to starting a fresh digital talent dialogue together with you.

Job Voorhoeve

On behalf of the global Amrop Digital Practice.



Methodology

What went before

In the second half of 2016, and following our first (similar) exercise in 2015, Amrop's global Digital Practice analyzed the profiles of members of boards (supervisory or equivalent) of the top 20 stock-listed companies in revenue terms in 15 countries (14 in Europe, plus the US).

In all, 300 boards were analyzed, and the profiles of 3,342 board members mapped. We considered a board as having tech/digital competencies when it had a digital/technology committee, or if one or more board members were categorized as tech/digital profiles.

Technology/digital profile: A board member with professional operating experience from a company within software, hardware, infrastructure, internet, digital, online, telecoms, social media, etc. S/he has worked in such a company within the past 5-10 years. Alternatively a CIO or CTO from other companies. We also interviewed 19 board members to get the back story behind digitization.

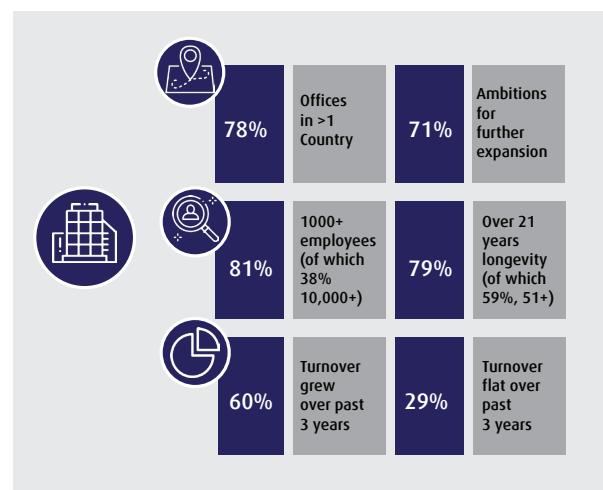
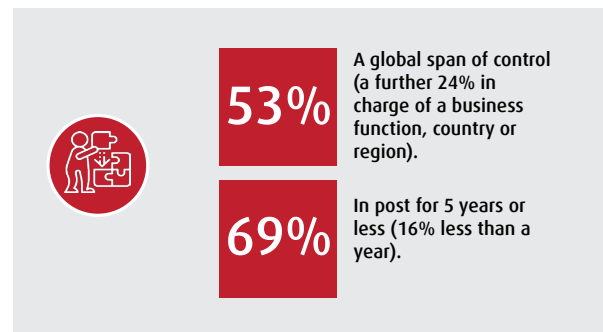
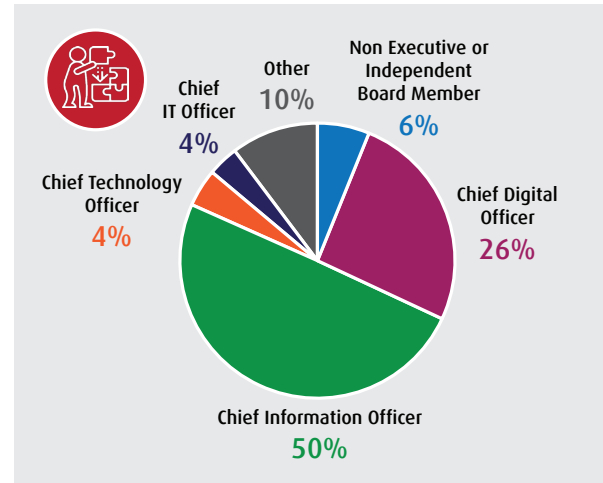
New insights

We found digital representation in non-tech companies to be low and slow-moving. Only 5% of board members had digital competencies. Our new study framework takes forward key findings from our previous interviews with board members. To uncover the challenges faced by digital ambassadors, we surveyed Digital C-suite functions of non-tech companies: Non Executive Directors, Chief Digital Officers and Chief Information Officers (or equivalents).

A specialist, senior population

159 C-suite digital ambassadors residing in mainly EMEA countries responded to our in-depth survey. 53% had a global span of control, 69% had been in post for 5 years or less (16%, for less than a year). Multiple sectors were represented, with the highest concentration in Financial Services (17%) and Industrial/Manufacturing (20%).

*18% of respondents were from LATAM, APAC and the US.



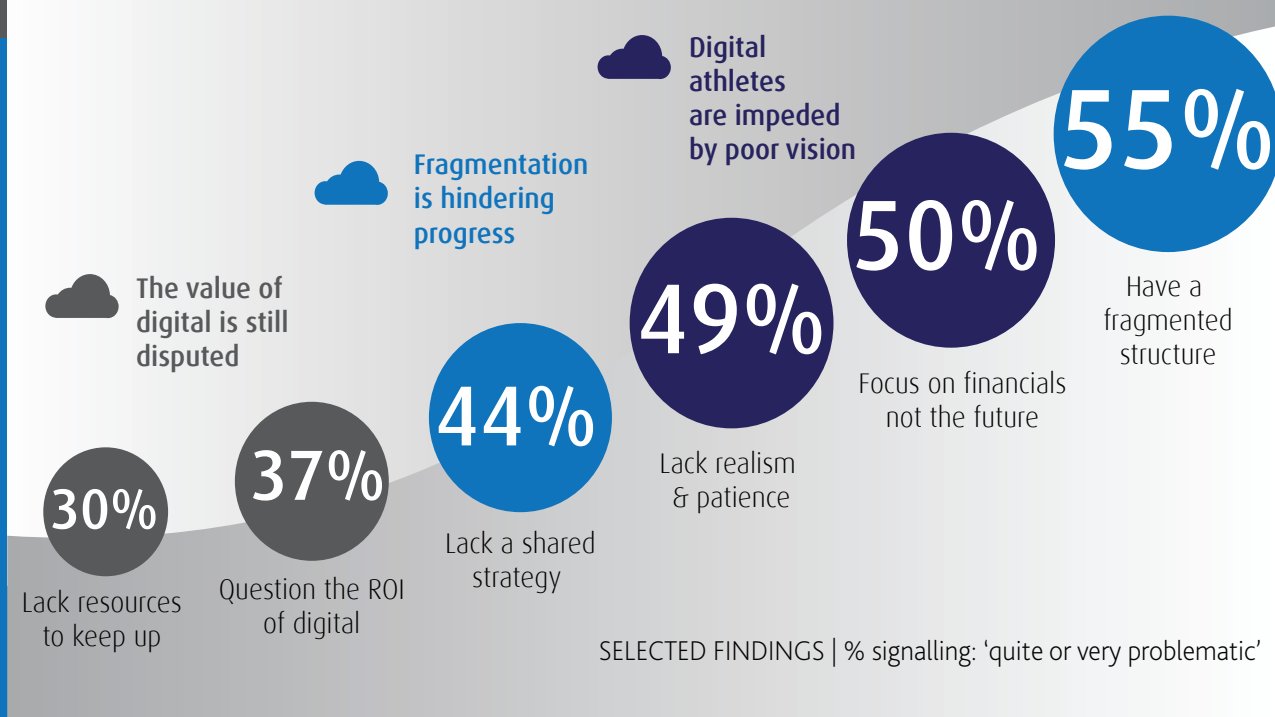
Part 1

What is helping (or blocking) digital leaders?



The Organization | The Board | The Role

The organization Digital leaders have an uphill struggle



What organizational blockages are digital leaders encountering?

Looking at the factors our survey participants see as 'quite, or very problematic' a host of issues emerges, and they amount to a real uphill struggle. It's hardly surprising that almost half of digital leaders report a lack of dynamism and speed (45%).

Fragmentation is hindering progress

Organizational structures are fragmented or overly complex, according to 55% of digital leaders, and around 35% are having trouble identifying and uniting the right internal stakeholders within this confusing architecture. Connecting the dots is probably not helped by a lack of shared strategy for exploiting digitization (a problem for 44% of digital leaders).

The value of digital is disputed, even now

37% of digital leaders are facing questions surrounding the ROI of their efforts, and 30% report that the organization lacks the resources to keep up with the short shelf life of digital platforms.

Digital athletes are impeded by poor vision

The focus, in 50% of cases, is on current revenues and margins, rather than future benefits. Around the same numbers of digital leaders (49%) report a general lack of realism or patience related to digitization.



The cost and vast scope and complexity of existing IT applications and infrastructure are really slowing down any digital initiatives.
Chief Information Officer

Organizational blockages | Insights

1

Of the organizations we surveyed 38% had a workforce over 10,000. This size creates the perfect storm: structural complexity and the need for quarterly reporting. It's a chicken and egg situation: many digital leaders face questions regarding ROI whilst lacking the resources to deliver it.

2

Sense-making — from executive suite to ground-level operations — will be more important than ever in two areas. First, in setting a digital strategy and second, in building an organizational architecture that integrates people, platforms and tools.

“

Digitization often requires an orchestrated effort across multiple business functions (e.g. commercial, operations, compliance, IT) in order to for instance deliver a new service proposition with a high (close to 100%) STP ratio.

Chief Information Officer

“

Our process and data landscape is fragmented (due to many siloed legacy systems, etc.), which makes the scale-up of new digital solutions difficult.

Chief Information Officer



The organization There is some vulnerability in the machine



Digital leaders are juggling multiple organizational threats

22%

Risk frustrating customers

26%

Blocked or delayed by regulation

28%

Lack capabilities to anticipate/ manage digital risk

31%

Unable to process data meaningfully

SELECTED FINDINGS | % signalling: 'high or extreme threat'

What are the biggest threats confronting organizations?

We can already see some underlying frustrations in building digitization in organizations. What do digital leaders see as the biggest threats? Reaching into the responses of board members from our previous research (published in 2018), we presented digital leaders with four potential bugbears, and invited them to rate each on a scale of low to high. Their responses indicate some vulnerability in the machine.

The (cautiously) good news is that only a minority see the four proposed threats as 'high'. However, this is a significant minority; around a quarter to a third of digital leaders are on red alert.

Internal risks are slightly more widespread than external ones: 31% per cent of digital leaders are worried about the meaningful processing of data, and 28% see a lack of capabilities to anticipate or manage digital risk. This, as we shall see, is a red thread throughout our research. Meanwhile, 26% of organizations are seriously blocked or delayed by government regulation. And just under a quarter of digital leaders (22%) believe that their current digitization processes or initiatives even risk frustrating customers.

Organizational Threats | Insights

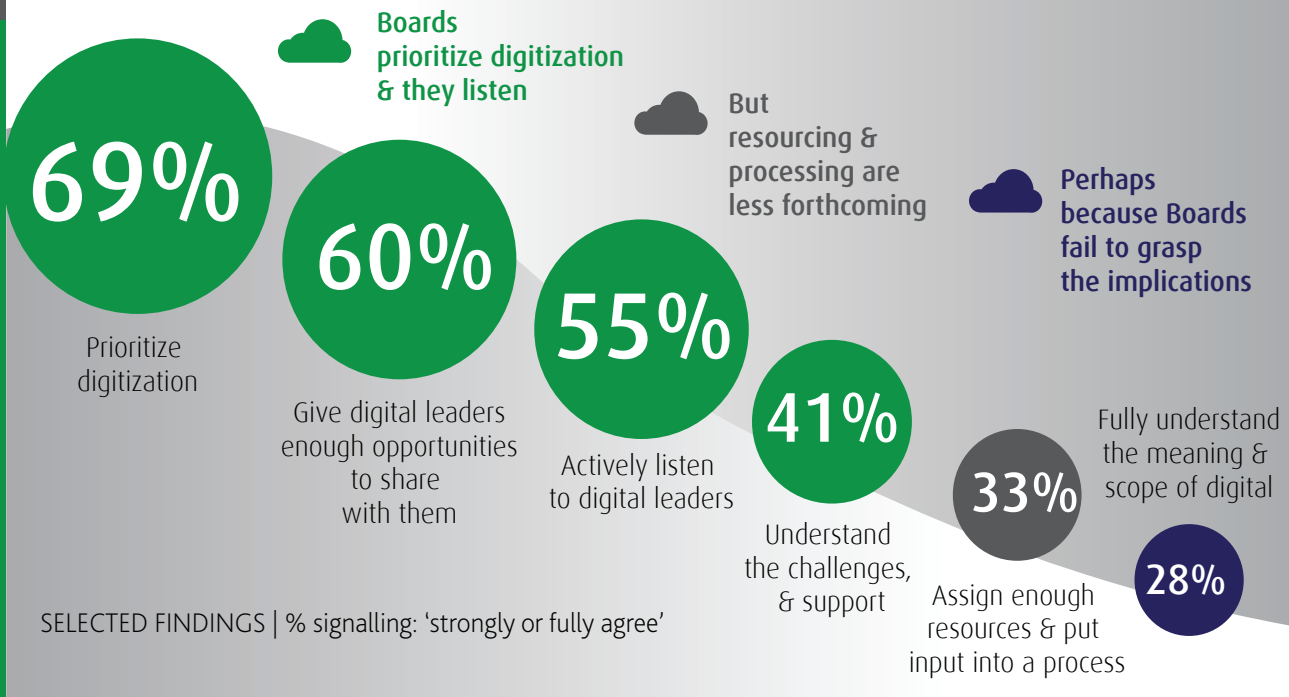
1

Industry sector is a major factor when it comes to digital threat. Financial services, for example, faces a high-stakes problem set that comprises big data, government regulation, and a massive customer base. The sector represents 17% of our respondents. Consumer and retail is similarly-challenged, and represents 13% of our respondents.



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The board Lip service is falling short of action



What role are boards playing in the digital problem set?

Digital leaders are frustrated by a range of factors: fragmentation, ROI questions, under-resourcing and a lack of shared strategy. They report a focus on the short term, and a lack of realism or patience. Digital progress, furthermore, is slow. We asked digital leaders about their dealings with their board, and their board's attitude to digitization as a whole. If boards are certainly paying strong lip service to digital, good intentions are falling short of action.

Boards prioritize digitization – and listen to digital leaders

69% of digital leaders strongly *disagree* that 'digitization is a low priority' for their board, so we can assume the opposite. And many clearly feel that boards are open for digital business: (60% are given enough opportunities to share their input directly with boards, 55% feel that boards actively listen). Boards also seem to understand the difficulties digital leaders face: 41% strongly agree that the board understands their challenges and gives them support, helping them connect with key stakeholders (47%).

But resourcing and processing are less forthcoming

Boards consider digitization to be important and many, if not most, respect and try to support their digital ambassadors as best they can. However when it comes to putting muscle behind the mindset and implementing intentions, board support begins to fade out. Only 33% of digital leaders strongly agree that their board makes every effort to ensure that their input is put into a process, or gives them sufficient resources to implement the necessary changes.



Having worked at board level from different angles, I know boards struggle with how to build an appropriate digital strategy AND a subsequent program to execute on it. Digitization means multiple things to multiple people: the COO will refer to operational aspects.

Chief Information Officer



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Perhaps it's because boards fail to grasp the implications

Elsewhere in our data (not shown in the graphic) we see that over half of digital leaders (52%) strongly agree that the board talks the digitization talk, without really understanding what it means. Similar numbers (48%) believe that the board is giving insufficient thought as to how digitization could transform the organization's business model. A significant minority of boards also have a rather limited scope regarding digitization—33% purely see it as something that could support or improve operations, with 26% focused on the customer interface.



The board has no deep understanding of digitalization. It's short-term thinking and cost-cutting oriented.
Chief Information Officer

The Board | Insights

1

We mustn't be like Kodak"; "we need to be like Airbnb/Uber/Alibaba..." top managers have a tendency to cite high profile cases as examples to avoid — or emulate. Examples that are more relevant to their specific business are often thin on the ground. Deep digital dialogue leading to deep board understanding has a long road to travel. And as we have seen, that road is full of obstacles and pitfalls. It seems that boards are in need of some objective digital education.

2

Sense-making — from executive suite to ground-level operations - will be more important than ever in two areas: first, setting a digital strategy and second, building an organizational architecture that integrates people, platforms and tools.

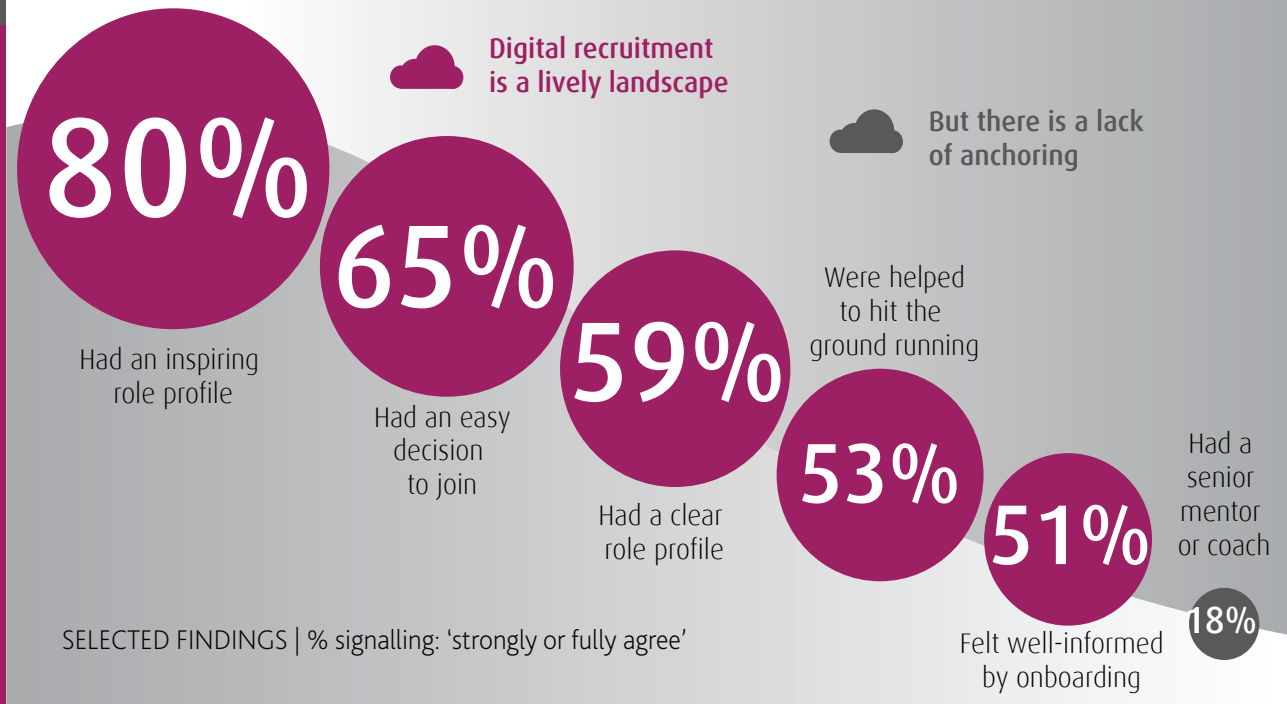


[In an] old business that also is quite profitable, the sense of urgency is missing and still no disruption makes transformation slow, also "the next shiny thing" is more important than fixing what should already work. Along with that, create a great value proposition.

Chief Information Officer



The role Care is needed beyond the honeymoon



What do digital leaders experience in their joining and onboarding?

In our daily dealings with boards, and our previous research, we observe several factors. Boards have a foggy understanding of the meaning and scope of digital. Boards are short on digital representation, with few digital members at the table. And they have difficulty defining and filling digital profiles. Given this we wanted to understand how well C-suite digital roles are configured. We note that 69% of the digital leaders we surveyed had been in their posts for 5 years or less, (16%, less than a year), so their reflections are relatively fresh and relevant. Their experiences suggest that care is needed beyond the honeymoon.

Digital recruitment is a lively landscape

Our digital hiring story has a bright opening chapter: 80% of digital leaders strongly or fully agree that they met an inspiring role profile (perhaps as a corollary of this blue sky thinking, 59% found that their role profile was actually *clear*). The majority (65%) had no trouble deciding to come on board. Elsewhere in our data, we see that 43% of new entrants also encountered a lot of competition for the job, suggesting a well-stocked talent pool. We have seen in the last section that in general, 47% of digital leaders consider that their boards help them to connect with key stakeholders during the course of their activities. At the point of joining, board support is far more widespread: 62% say they were helped to integrate with key stakeholders. It's a good start.



Board members tend to make technology too difficult. Some members do not understand and almost block the topics because they are not comfortable talking about them. The difference between digital agile projects and traditional IT is not understood. .
Chief Information Officer



But there is a lack of anchoring

Again echoing the gap between lip-service and follow-through seen in the last section, board support begins to drop after this initial enthusiasm. Only around half of digital leaders really agree that their onboarding helped them to feel well-informed (51%), or to hit the ground running and have quick impact (53%). And strikingly, only 18% were assigned a senior mentor or coach.

Once the topline drivers have been defined and agreed-upon in the boardroom, our competency model provides a framework for role definition, hiring and development criteria (see next section).

The Role | Insights



Digital transformation in Financial Services has been my key focus during the last 10 years across multiple organizations. I have learned a great deal, sometimes very painfully. Digitization is a complex program of change with many components and stakeholders.

Chief Information Officer

1

The pitfall of an 'inspiring role' can be 'a vague role'. The lack of role clarity confirms the difficulty that boards have previously reported to Amrop when it comes to defining digital role profiles at C-suite level. Whilst we have found a widespread wish for a 'T-shaped' approach, blending technical expertise with leadership gravitas, this research confirms that the specific purpose and scope of the digital role are rather more difficult to pin down.

Exactly what digital leaders are meant to achieve, and how, is challenging. Even more so, if boards fail to understand the scope and role of digital and develop a shared, digital strategy. Once the topline drivers have been defined and agreed-upon in the boardroom, our competency model provides a framework for role definition, hiring and development criteria (see next section).

2

Digital leaders start off their lives within their organizations with positive intentions and an inspiring playing field. But the landscape quickly becomes difficult to navigate on many levels. So it is crucial that support follows through not only during, but beyond, onboarding. Every digital leader deserves a senior mentor or coach: one who is able to help him or her make the business case for change, manage expectations, get resources, and connect the dots across fragmented organizations.



We need a] feasible approach to digitalization. You can't digitize your business or create new purely digital business models or use analytics unless the foundation is ready for it. Sometimes I have to kill unrealistic initiatives.

Chief Information Officer



Amrop

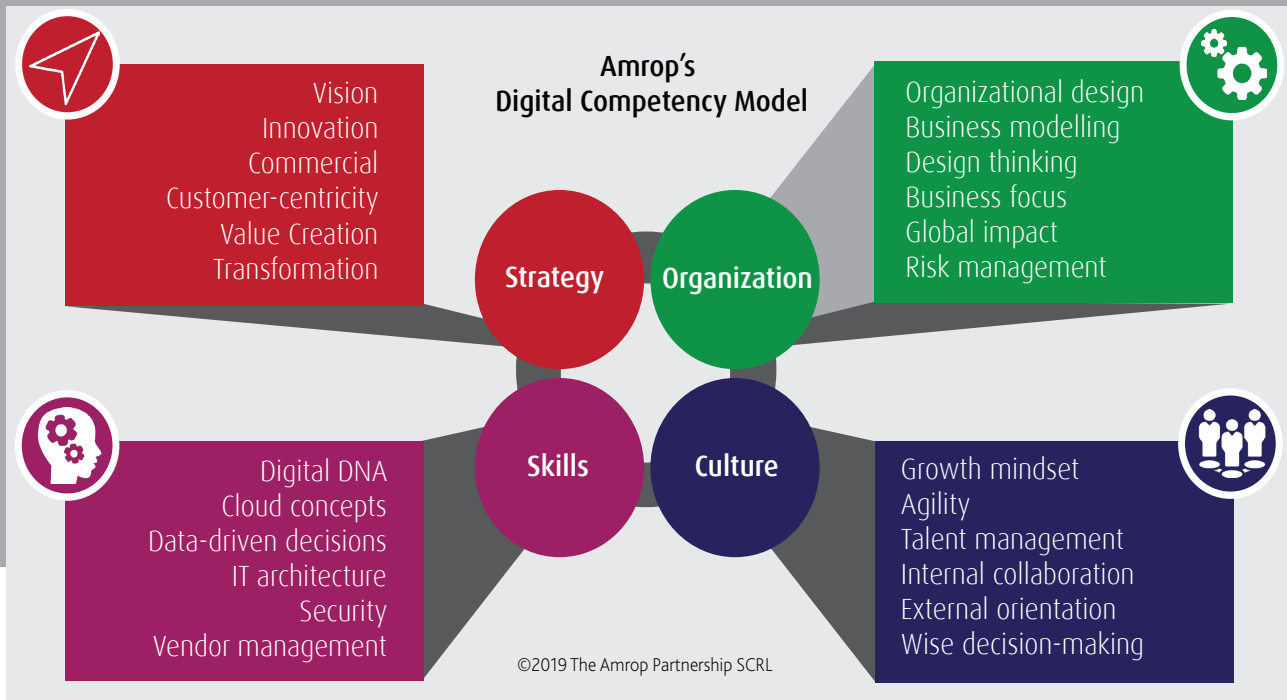
Part 2

How do digital leaders rate themselves?



Amrop's Digital Competency Model

Amrop's Digital Competency Model | Overview



Implementing digitization at the right time, with the right results, is the stuff dreams are made of. To a large extent it relies on guidance by the people who are not only most aware of the relevance of digital engineering, but who can foresee its strategic implications.

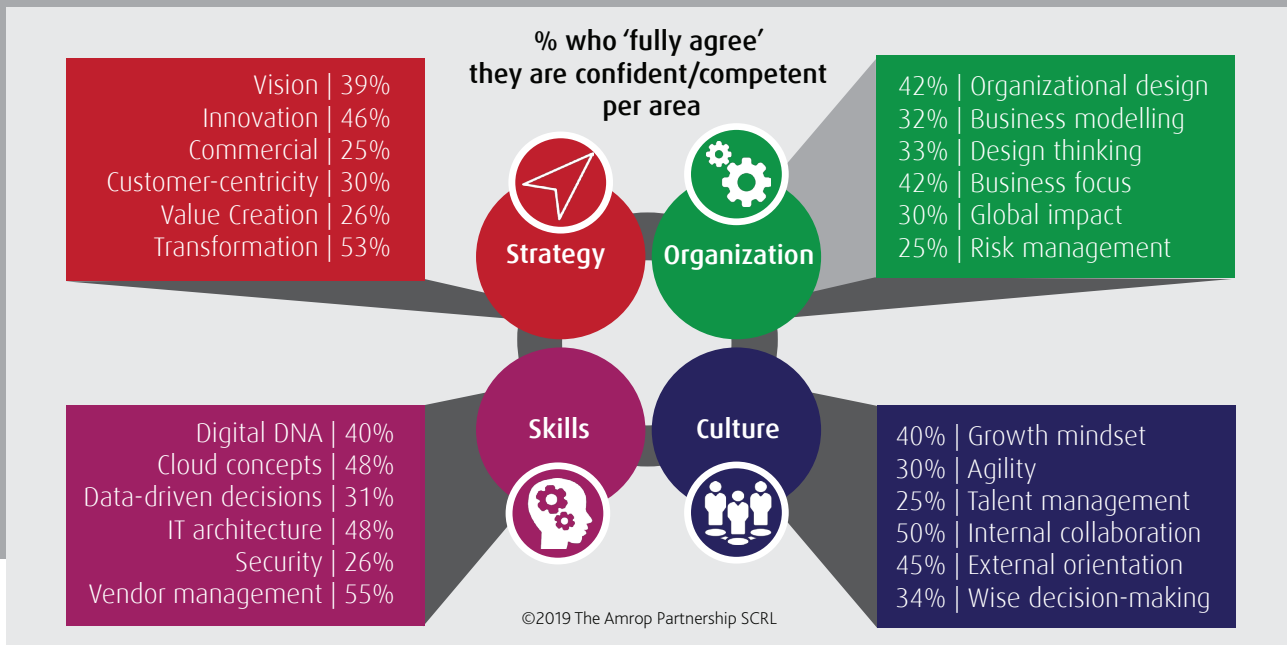
These talented leaders are pivotal in helping organizations surf the waves of digital transformation. Reinforcing their general digital literacy and/or specific technical knowledge, establishing top management roles such as the CDO or CIO, these are all vital if organizations are to successfully — and sustainably - build a bridge between business and digital imperatives.

We believed it was time to model the core digital competences needed for CDOs and equivalent leaders. The result is based on observations from hundreds of interviews with digital leaders and hiring organizations, as well as the academic literature exploring digital transformation.

This section of our report reveals the self-analysis of 159 digital leaders

What do we find? At first glance, leaders seem quietly confident about their abilities: they give themselves an average score of around 4 out of 5 in each of the 4 dimensions. However, singling out those who fully agree they are confident or competent enables us to pinpoint 13 key areas where coaching and support are needed in order to take digital leaders from 'good' to 'great' — and bring the digital dream to life.

Amrop's Digital Competency Model | Toplines



Strategy | There is a gap between top-line transformation and bottom-line value-creation.

53% of digital leaders are fully confident in their ability to drive transformation.

Many digital leaders are powerful agents for creative transformation and innovation. But vision is blurred, and there is a lack of confidence in value creation (human, social and commercial). Only 25% of leaders are fully able to define commercial performance indicators for digitization efforts.

Organization | A plugged-in infrastructure is relatively easy to achieve. But is it future-proof?

42% of digital leaders feel fully confident in the relevance of their infrastructure.

They are confident in building an infrastructure fitting the organizational structure, business processes and objectives. Far fewer are fully comfortable with digital business-modelling, or building attractive, responsive and user-friendly platforms. And only 30% are really secure about addressing global impact, or digital risk (25%).

Culture | Sense-making comes naturally for digital leaders. Getting others 'digital-ready' less so.

50% of digital leaders are able to bridge internal fragmentation.

They foster collaboration across internal silos and departments. Similar numbers encourage an outside-in view, keeping up with digital trends, encouraging a growth mindset. But only 30% truly cultivate stakeholder agility, with only 25% securing a real digital learning organization. And only 34% emphasize 'wise decision-making' — key for organizations to earn their legitimacy in a data-driven world.

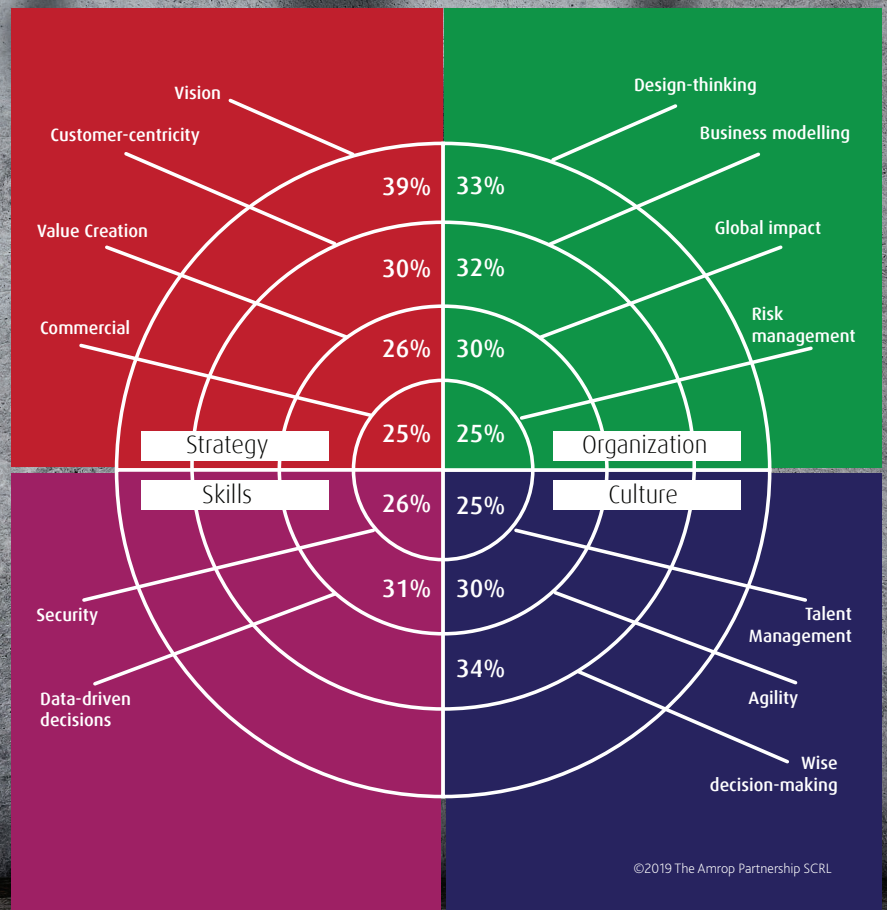
Skills | Digital leaders are highly competent overseers. Big data and security are challenging.

40% fully see digital as their core competence and sweet spot.

Given that most digital leaders are not born technicians, it's unsurprising that they are highly confident in facilitating those who are: big vendors and suppliers, or in overseeing IT architecture. Still, 48% fully grasp cloud concepts and applications. But fewer are fully clear on harvesting big data in a meaningful way (31%) and fewer still are up to date with security imperatives across their operating markets (26%).

Amrop's Digital Competency Model

Top 13 focus areas

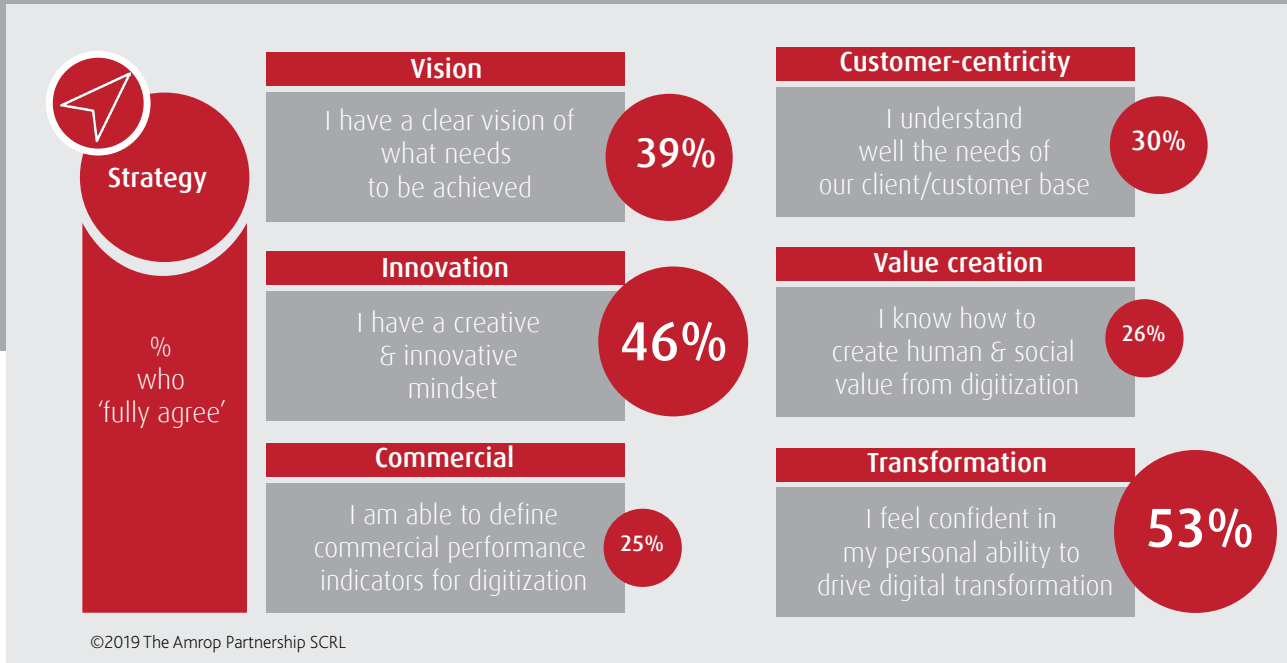


Here we show areas where less than 40% of digital leaders feel fully confident or competent in their own abilities.

Digital leaders say they lack mentoring and coaching. Where to start?

In the above diagram we pinpoint the potential focus areas for interventions. The closer to the center, or 'bulls eye' each competence area lies, the fewer digital leaders feel fully confident. High priority areas are: *Commercial* (defining commercial performance indicators for digitization), *Risk management*, (installing processes for anticipating and managing digital risks), *Talent management* (ensuring development and learning in the necessary digital skills and capabilities) and *Security* (being up-to-date with needs, regulations and processes across operating markets).

Digital Competency Model | Strategy



Many digital leaders are powerful agents for creative transformation and innovation. Despite this, vision is blurred and there is a lack of confidence in value creation (human, social and commercial)..

Many digital leaders are powerful creative change agents

A significant proportion of digital leaders are fully confident in their creative and innovative mindset (46%). They are also confident in their personal ability to drive digital transformation (53%).

But vision is blurred

Despite their evident creativity and dynamism, fewer digital leaders (39%) feel fully able to crystallize a clear vision of what is needed — a sense of the future desired state. And only 30% fully understand the needs of the all-important client and customer base.

And value creation is challenging

Confidence is least prevalent when it comes to creating human and social value from digitization – only around a quarter of digital leaders (26%) feel truly strong in this respect. Similarly low numbers (25%) are really able to define commercial performance indicators for their digitization efforts.



It would be interesting to see what kind of impact on company performance a person from a CIO role could make, if nominated as a business leader or CEO?
Chief Information Officer

Strategic Competencies | Insights

1

We have already highlighted the somewhat blurred digital vision of boards. A vision that is co-created by boards, working hand in hand with digital pilots, is the first step towards clear-sightedness.

2

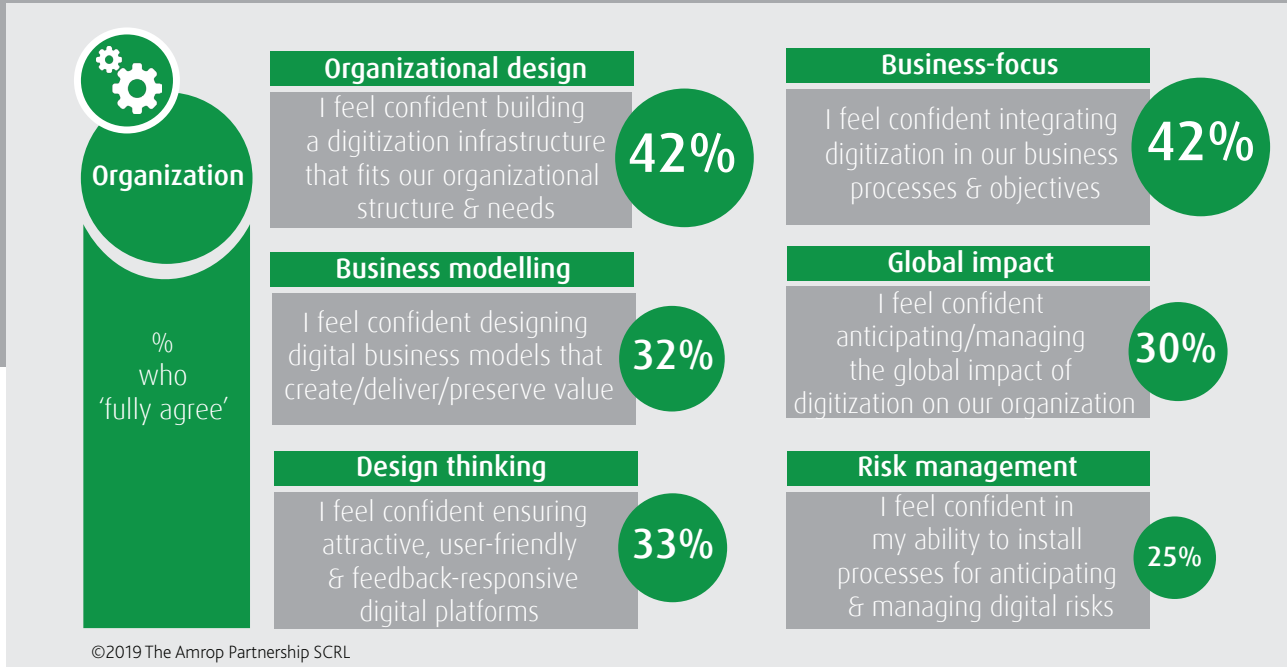
The digitization efforts, as our report reveals, tends to be on the customer end of the picture. So digital leaders deserve support and coaching in fulfilling those expectations. Both in terms of commercial understanding and value creation. Yet we'll recall that only 18% were assigned a senior mentor or coach upon joining the organization. A missed opportunity?

3

Given the prevailing focus on short-term performance, it isn't surprising that digital leaders have some trouble creating human and social value from digitization. Yet an ability to do this is becoming ever more important for organizations to earn their legitimacy. We will also see that decision-making is not as wise as it needs to be.



Digital Competency Model | Organization



Many digital leaders feel truly able to plug digital in to the business. But higher-end business modelling, and even user-friendly design, are more challenging. Furthermore, managing global impact and risk are real areas of doubt.

Digital leaders can plug digital in

42% of digital leaders are fully confident that they can build a digitization infrastructure that fits their organizational structure and needs. Equal numbers, about integrating digitization in the organization’s business process and objectives (in terms of internal stakeholders, customers).

Higher-end business modelling and user-friendly design are more challenging

Only 32% of digital leaders feel fully confident about designing digital business models that create, deliver and preserve value. Only a 33% have a high level of confidence when it comes to ensuring digital platforms are attractive, user-friendly and responsive to feedback.

Managing global impact and risk are potential gray areas

Only 30% of digital leaders feel fully confident in their ability to anticipate and manage the global impact of digitization on their organization (beyond national or regional boundaries). And fewer still, (25%), feel secure about their ability to install processes for anticipating and managing digital risks (e.g. human or system failures, data security, consumer uptake, reputational issues).



Digital transformation should be embedded into normal business operations and development to involve the whole organization to make it happen. Too often it is seen as separate activity.
Chief Information Officer



The most important sources of success for Digitization are: 1. extensive customer research, feedback cycles and quick iterations 2. Work with “dark canary” implementation models: run a few versions of a new features next to each other and scale.

Chief Information Officer

Organizational Competencies | Insights

1

As we saw in the last section (“Strategy”), only 30% of digital leaders really understand the needs of the client and customer base, and only 25% can define commercial performance indicators. Linking up these areas may help digital leaders to design more commercially-valid business models for digitization — and earn the resources they lack.

2

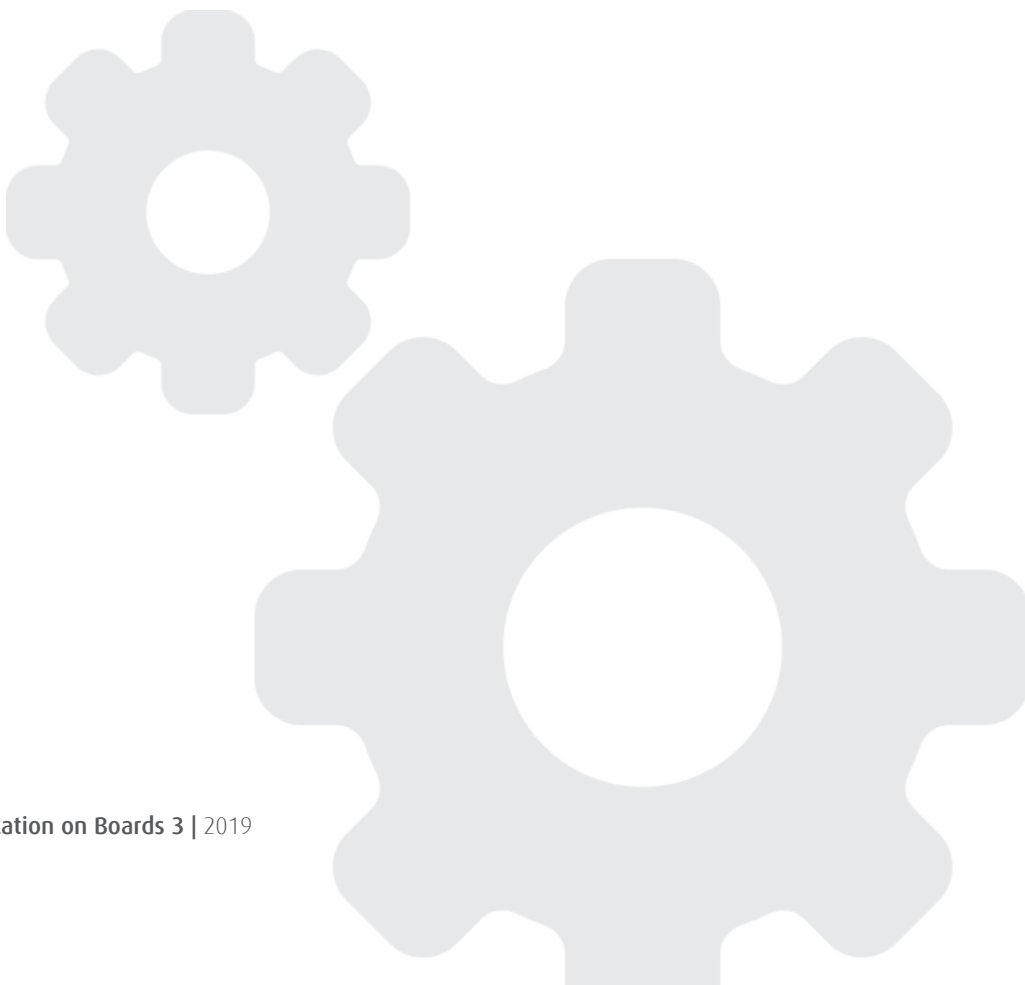
More than three quarters of the organizations surveyed had offices in more than one country, and nearly three quarters had ambitions to expand further. Therefore the lower confidence of digital leaders regarding global impact should be a focus point for boards who are seeking growth and globalization.

3

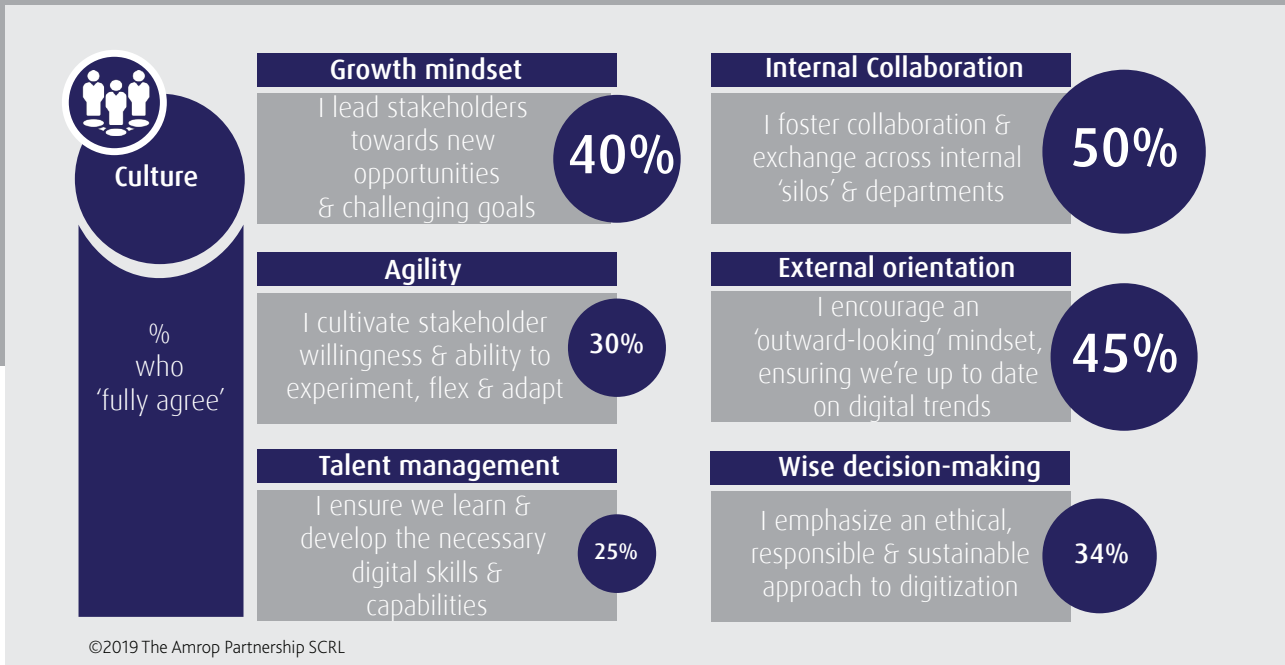
Earlier in the report we saw a quarter of digital leaders (28%) signaling a lack of ability to anticipate or manage digital risk in the organization. And only 25% truly feel confident in that area at a personal level. This raises a further red flag, one that signals a need for expert support and coaching in this, perhaps one of the most critical zones of digitization.

4

We have also found that digital leaders face questions about the ROI of their efforts. Here too we find a link — lower confidence in higher end, value-creating, business modeling, as well as user-friendly design - may be undermining their ability to generate enthusiasm around digital, and prove its worth.



Digital Competency Model | Culture



Many digital leaders are true sense-makers; stimulating growth, outside-in thinking, and collaboration. But taking 'digital-ready' down from the mountain to a wider internal group is harder. And too few emphasize a culture of wise decision-making.

Around half of digital leaders are true sense-makers

50% foster collaboration and exchange across internal 'silos' and departments, 45% encourage an outward-looking mindset, ensuring that the organization is up to date on digital trends. 40% practice and encourage a growth mindset, leading stakeholders towards new opportunities and challenging goals.

But taking 'digital-ready' to the wider organization is far trickier

Only 30% fully agree that they cultivate stakeholder willingness and the ability to experiment, flex and adapt, slightly less (25%) are really able to ensure that the organization learns and develops the necessary skills and abilities.

And wise decision-making is potentially falling short

Only 34% of digital leaders emphasize an ethical, responsible and sustainable approach to digitization, making them smart, rather than wise, decision-makers.



The target must be, instead of digitalization, to talk about everyday life. Too much mystification in the air instead of doing things.

Chief Information Officer

Cultural Competencies | Insights

1

We have seen that 55% of digital leaders are concerned by organizational fragmentation with around 35% having trouble identifying and uniting the right internal stakeholders within the confusing architecture. However, 50% are overcoming the challenge: they are succeeding in fostering collaboration and exchange across internal 'silos' and departments

2

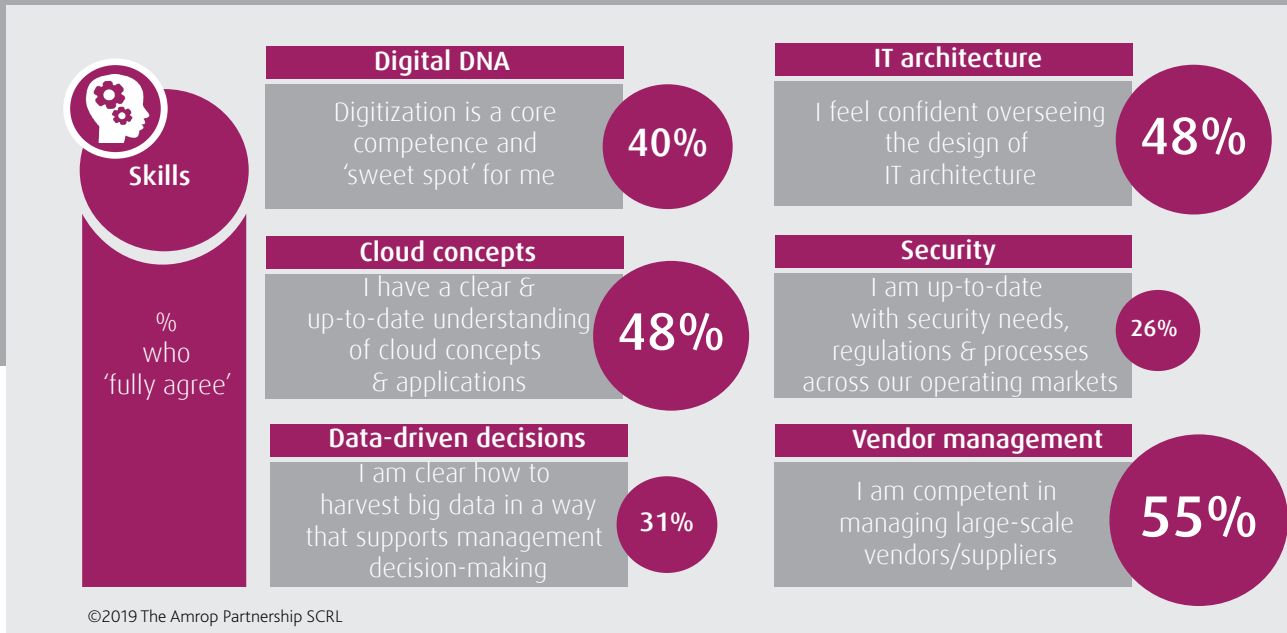
The lower levels of confidence surrounding agility and adaptation, and cultivating a digital learning organization, are a clear call for digital leaders to team up with those learning and development leaders — a synthesis between digital, and talent management

3

Wise decision-making is becoming increasingly important for organizations to earn their legitimacy. Digitization enables the collection and use of often-sensitive customer data. The predictive intelligence of AI enables new purchasing suggestions to be served up on a constant basis. And this can lead to the manipulation or even abuse of platform users. Digitization has considerable potential to serve, or harm, society, depending on how it is guided. Far from being a 'soft' area of concern for digital leaders, the ability to think beyond technical boundaries to the wider implications of digitization will become increasingly central. We invite you to read more of Amrop's exploration of this field on www.amrop.com/insights.



Amrop's Digital Competency Model | Skills



Digital leaders are at their strongest as outsourcers and architects — around half are fully literate technically. Confidence then falls in two risk areas - big data, and security

Digital leaders are at their strongest as outsourcers and architects

Only 40% fully see digital as their core competence and sweet spot. Confidence in going outside, managing big vendors and suppliers, is the highest-scoring area in our model (55% are fully confident in this area). And 48% feel fully confident overseeing the design of IT architecture.

Around half are fully literate technically

If only 40% of digital leaders consider digital as their true core, rather more have acquired know how: 48% declare that they have a clear and up-to-date understanding of cloud concepts and applications

However confidence falls in two risk areas: big data, and security.

Only 31% of digital leaders are clear on how to harvest big data in a way that supports management decision-making. Still fewer (26%) are up to date with security needs, regulations and processes across their organization's operating markets.



The relation between IT architecture and digitalization needs more explicit emphasis. Doing IT without digitalization is easy. Doing digitization without proper IT is impossible.

Chief Information Officer



I am prepared to build a professional and highly motivated digital team that will lead the change.

Chief Information Officer

1

The fact that under half of digital leaders see digital as their core confirms the concept of the 'T-shaped profile': many are not technicians, but acquire technical skills. And still, these need further development.

2

Digital leaders have a lot on their plate, to say the least. Overcoming organizational barriers and under-educated boards, they are exercising their skills as best they can. Deciding where best to focus their hiring and development has never been more critical. And this is where the burning platform of digital security comes once again into view. It is a red thread throughout the study (earlier we saw around a quarter of digital leaders raising it as a strong threat.) In this section, we find that only a quarter feel fully self-assured when it comes to ensuring risk management, or security across operating markets. It's important to remember that these digital leaders work for organizations of which around three quarters have international operations, with ambitions to expand further.

I am implementing Digital DNA profiles for all roles within the company: sales, marketing, HR, ops, finance, etc.

Chief Information Officer



Credits

We warmly thank all the C-suite executives who took the time to share their experiences, perceptions and observations with us.

Research framework designed by Job Voorhoeve and Steffi Gande. Digital Competency Model by Job Voorhoeve, with input from the Amrop Digital Practice. Data gathering by the Amrop Digital Practice.

Data analysis, reportwriting and graphic design by Steffi Gande and Job Voorhoeve.

Notes



About Amrop

With over 70 offices in all world regions, Amrop is a trusted advisor in Executive Search, Board and Leadership Services. It is the largest partnership of its kind.

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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