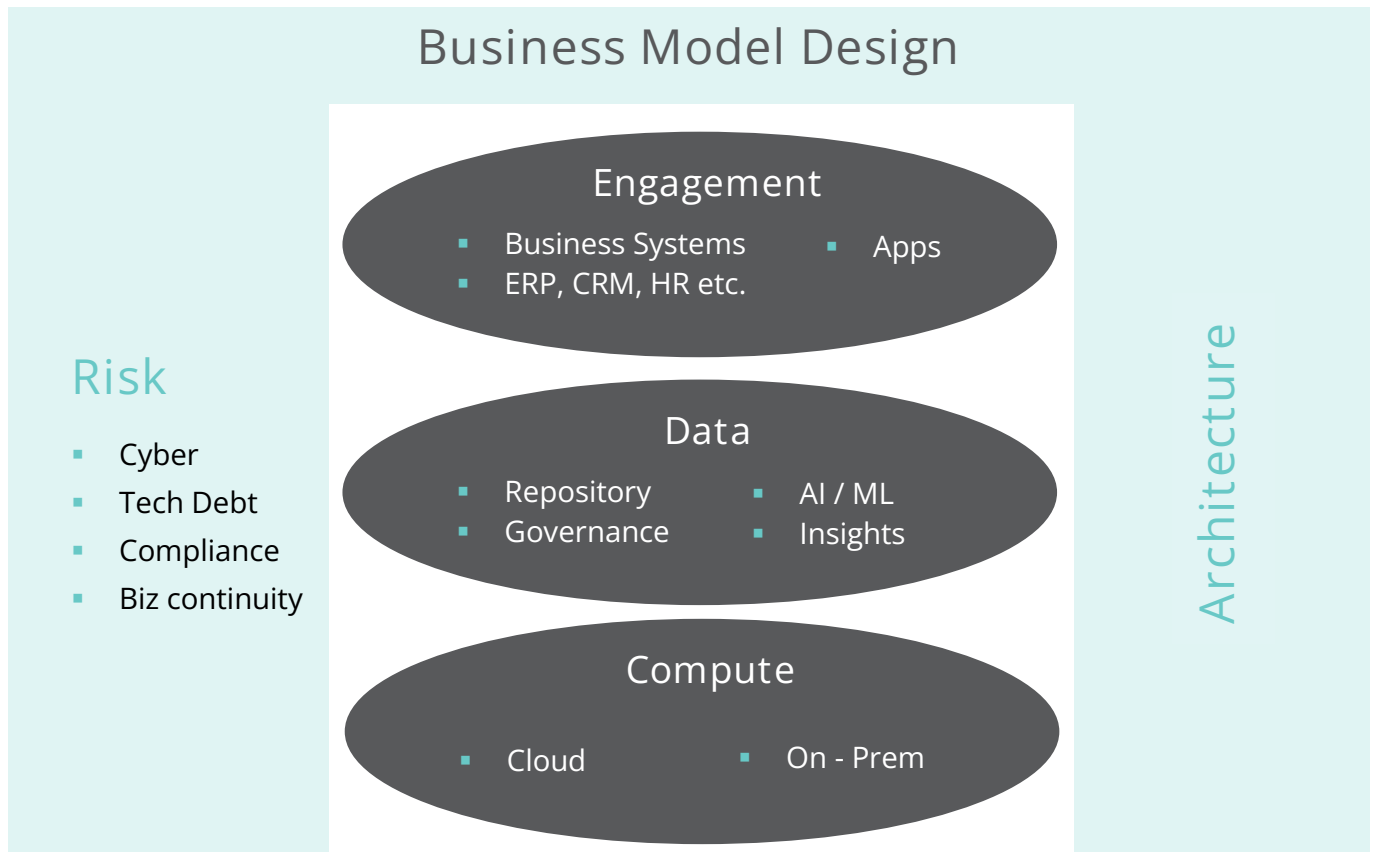


CIO Leadership Qualities required for a successful Digital Transformation

by Tony Leng

This is a CEO/Board level summary of what it takes to digitally transform an organization and the type of CIO/CDO leader that will help you be successful.

There are two domains that the Chief Information Officer or Chief Digital Officer (CIO/CDO) needs to be effective in if s/he is to have impact. I have loosely called these Technology and Leadership. Many people also refer to Process (people, process, and technology) and I will touch on Process as well, but for this article I am concentrating on Leadership and Technology.



Technology

For a successful digital transformation, an organization needs to have a clear picture on how it will be structured – which I have called Business Model Design – and then make decisions about Engagement, Data, Compute, Technical Architecture, and Risk (which includes Cyber). The above diagram gives an overview.

Business Model Design

This determines how an organization will go to market and informs what decisions you make about the Engagement layer - which can be customized to serve different business/products/markets. Most organizations try to get IT as close to the Business/Customers as possible, but these specialized systems still need to connect to a common dataset in the middle. The image here is a platform (data/compute layer) with a number of systems connected via APIs (integration products) that give the organization flexibility. The point here is that leadership needs to decide on the future state operating model, and then design the technology to meet that business need.

Engagement

This is a catch all for the applications that enable an organization. They include - Business Systems (ERP, EMR, Finance, HR, Supply Chain, Industry specialized applications), eCommerce (UX, omnichannel etc.) and Apps. These systems can be bought off the shelf, configured, custom developed, or a combination of all these, and traditionally have been monolithic (compute, data and engagement all being intertwined) but increasingly companies are using SaaS providers in key areas, separating the three layers with interoperability being achieved through APIs, or using traditional suite providers who are starting to offer their products in a more flexibly manner.

Data

Data is the fuel for digital and drives revenue, product, efficiency, etc. all aimed at value creation. Important considerations for data include - Governance (regulatory, compliance, privacy), Master Data Management, Repositories (Ingestion, Storage, Engineering), Analysis/Presentation and Insights, AI/ML, and the ethical use of such data. Many companies are hiring Chief Data Officers to effectively capture the value of their data assets and marry those to suitable outside data sources. Data assets drive both the top and bottom line of an organization as well as enhance user experience and are key to value creation. The richness of this target has spawned many technologies and solutions, and the introduction of Generative AI (ChatGPT and LLMs) are seen by many as being as transformative as the development of the Internet. The key point is that AI technologies and data assets should yield business improvement and insights that deliver better, faster, and more accurate decisions/processes as well as drive new products and sources of revenue.

Compute

Most organizations had on-prem data centers and now have the option to move to the cloud (fully or partially) or deploy SaaS solutions. This creates flexibility, allows Capex to become Opex, and can open up opportunities for nimbleness and scaling.

Architecture

I have put this down the RHS of the diagram because it impacts everything as an organization moves from a monolithic stack to a modern architecture framework. Clear thinking in this area is crucial if an organization is to create a nimble, flexible, and scalable environment/ecosystem for all its stakeholders. Cloud providers increasingly offer compelling tools/products that address cloud compute, data storage and manipulation (including AI/Analytic tools) and as well as tools to aid front end development.

Risk

This encompasses Cyber, Tech Debt, Ransomware etc. and runs down the LHS of the diagram and embraces all layers as there are enormous impacts of moving to cloud/SaaS, storing, and manipulating customer and other data sets, engaging with a wide set of stakeholders/users in multiple environments, and addressing Tech Debt – which is often a huge drag on moving forward and creating an agile culture. Organizations used to have a “castle and moat” philosophy, but now think of themselves as “platforms” that interact with many outside parties. This opens an organization to potential cyber threats because they are so open, and a new approach is evolving where organizations decide what data is crucial and need most protection, and then access to these are monitored in what Gartner calls the Secure Access Service Edge (SASE).

Clearly, all aspects of the diagram I have outlined need to function together and during a “Digital Transformation” must be strategically managed on a holistic basis.

Other considerations: Digital transformation involves driving the **top line** as well as improving the bottom line. Data and Engagement, when combined with the agility of a modern architecture, allow organizations to drive revenue by massaging product offerings, creating new products, reacting to market demands, and expanding channels etc. The **bottom line** is equally impacted by digital transformation (manufacturing, distribution, supply chain optimization, etc.), optimizing processes (process mining), introducing RPA, and generally running IT like a business.

Leadership

Technology is important (compare it to IQ), but if you can’t communicate the strategy effectively and lead the transformation that goes with it (call this EQ), business value won’t be achieved.

The most important point is that the person leading your technology should think of themselves as a Business Leader rather than a technologist. IT is the underpin for all business activity, and the Tech leader needs to understand the business from end to end. Typically, only the CEO and perhaps the COO and CFO have looked at an organization in this way, but the CIO must do so if s/he is to be effective.

One of the gifts of Covid was a shift in leadership approach. Previously many organizations operated with a Command-and-Control paradigm, but during Covid very few had a playbook,

decisions needed to be made at the front line, speed was paramount, and if leaders didn't have empowered and trusted teams, the organization suffered. These leaders:

- Have Impact and Influence: The characteristics of this are vision, execution, perseverance, resilience, courage, collaboration, and being a catalyst for change and speed.
- Deal with complexity, uncertainty, and ambiguity.
- Are people leaders: Recruit, develop, retain, motivate, and build strong teams.
- Have high EQ: self-awareness, calm authority, self-control, humility, and build trust through authenticity, vulnerability, empathy, creating psychological safety, and extending trust to others.
- Are Change management experts – which encompasses vision, simplifying complexity, bringing people along, getting support for change, assessing organizational readiness for change, and overcoming resistance.
- Are great Communicators: Can communicate complex issues in business terms that the audience will understand, and clearly articulate the vision. This includes great listening skills, being open to new ideas, and being flexible.
- Have strong business acumen and financial awareness. They are business leaders who support organizational objects and help drive strategy – and they are able to articulate the impacts of technology transformation in financial terms.

The punchline is this:

1. The CIO (or CIO+) is involved in Strategy, Organizational Change, GTM, Product and value creation – as well as ensuring that the IT systems work. And if you don't get the basics right, you won't have credibility to drive digital transformation.
2. An organization must find the right leader who has the leadership characteristics mentioned above (EQ). S/he must be a businessperson, who can quickly understand the organization front to back (process) and can help drive change. (There may be value in cross pollinating experience from another industry)
3. Then - ensure that s/he has the technical depth and understanding (IQ) to work with the SLT to develop an architecture and technology environment that will deliver business value.

About H.I.E.C

H.I. Executive Consulting (H.I.E.C) is a leading global executive search firm focused on hiring Board, CEO and Senior-level executives globally. Established by several senior partners from the leading global search firms to disrupt the traditional approach to executive search, we place a premium focus on hiring transformational leaders across the sectors we serve – Digital & Technology, Financial Services & Real Estate, Industrial & Automotive, Consumer, Retail & Leisure, and Business & Professional Services.

Operating across 13 offices in North America, Europe, Middle East and Asia Pacific, unified by one global P&L and delivery model, we have cultivated a new professional standard that challenges the competitors in our field.

Contact



Tony Leng
Managing Partner

San Francisco
+1 415 244 5818
tleng@hiec.com
www.hiec.com

