The rise (and fall?) of the CDO
Digital – a new role has emerged at the top table of many organisations
Introduction

Digital is the new normal. Irrespective of their sector, organisations are increasingly being impacted by digital – how they attract and engage consumers or citizens, how they create and deliver products or services, and in the roles and capabilities that make-up their teams. As highlighted in ‘The Rise of the Chief Digital Officer’, a new CDO role has emerged at the top table of many organisations to champion and direct this key disruptor.

This paper presents our perspective on the CDO role, based on our experience of working with global and local organisations. Some of the key considerations relating to the CDO role include, specifically:

• The traits they will require to succeed.
• How their support team should be configured based on existing skillsets.
• The stages of maturity involved in a digital transition.
• Where industry sector considerations can impact on the role.
• The challenges inherent in getting the traction they need as the job begins.

In the majority of organisations the CDO role or ‘digital’ moniker is likely to be transient – in some cases because digital will ultimately reach ‘critical mass’ and become fully embedded into ‘business as usual’; in others, because the role may have evolved into one of broader scope and responsibility, like the Chief Customer Officer, as part of a shift to a fully integrated customer-centric operating model. Regardless, the CDO role in this interim period is vital – they have the opportunity to catalyse their organisations’ successful exploitation of digital by addressing what the implications are for their customers, their talent, their culture and their technology.

Key traits: the abilities and habits needed to thrive in the role

In our experience, digital leaders need to be ‘Free-thinkers’ not ‘loose cannons’. In practice, this means moulding a cohesive and capable team, rather than derailing the existing organisation just for the sake of it.

An organisation’s digital leader should:

Be capable of galvanising the organisation

While not all organisations want or suit the ‘cult-like’ approach to team ethos seen in some digital natives, this leader needs to able to create a personal following that draws the prevailing mood within the organisation to their agenda. Individual loyalty is energised by charismatic communication of the vision for digital. Being flexible, adaptable and collaborative will go a long way to driving engagement, as digital leaders need to manage their people in a way that is cross-generational, cross-functional and cross-organisational. Being mobile and connected is key to leading by example in this environment, fostering a culture of knowledge and content sharing, role modelling values such as integrity, openness and transparency. Continuously sharing relevant content and stories with the team will also help create a sense of engagement, and the beginnings of a team narrative.

Know what’s possible

Having the right vision for digital relies on knowing what’s possible from digital, knowing what good looks like, and knowing how to communicate it in an inspiring way. This includes understanding the fundamentals and potential of brand and marketing, and having a sound grasp of how digital continues to alter both disciplines. This also includes a commitment to decision-making based on analytics – data driven decisions, informed by ‘science as well as art’, should carry more weight with teams, as well as ultimately being more likely to get the right result.

Whether organisations badge this digital leadership role as a CDO is largely irrelevant; what is key is having the right person with the right mandate in that role.
Put the customer at the centre
Innovative business models, so core to survival and success in a wide range of industries being disrupted by digital, need to be grasped, tested and iterated upon as a matter of course by a digital leader who has a comprehensive understanding of customer behaviour. Embedding service design principles within the development of products and services, using iteration and customer pilots, will allow this to take place. Are there opportunities for fundamental changes in approach, e.g. moving time consuming activities into consumers’ hands to give control and choice while reducing costs?

Be well sponsored by their CEO
This is basic, but bears repeating. Fundamentally, the digital leader, whether sitting as a CDO at the executive table, or under another title in another forum, must have powerful backing from the very top of the organisation. Considerable clout is needed to move quickly, in directions that may – to many senior stakeholders – feel entirely counter intuitive.

Have a gift for digital talent spotting and development
Bluntly, digital talent is different. Its culture needs to be managed differently, and its structure needs to be built differently from traditional organisations. Providing coaching to millennials should be done through a medium that’s appropriate to their own communication preferences. Structurally, true digital leaders will be found thriving on working in a networked, matrix environment – high performing organisations are ones that manage to build networks of small cross-functional teams that communicate with each other well. Successfully operating across silos and within this cross-functional framework is key. A ‘T-shaped talent model’ creates deep functional expertise and a set of broad, generalist skills, allowing a flexible and dynamic high performing team.

Sourcing your CDO (or other digital leader) and their support team
Now that we have established the kinds of attributes we’re looking for, where can a CDO or digital leadership candidate be found?

There are broadly three kinds of CDOs, Ex-agency, Technologists, and Digital transformation strategists. The key is recognising this, and then compensating appropriately with the correct cadre of lieutenants, potentially changing the lead role and supporting cast as the organisation matures.

Ex-agency: Traditional interactive marketing leaders that view digital as ‘digital marketing’ and engagement with the customer. These tend to be associated with the consumer packaged goods companies that primarily create products and market them.

Technologists: Those who view digital primarily from an enterprise perspective – most often reporting to the CIO. In broad terms, this group is more focused on heavy industries such as manufacturing, oil or pharmaceuticals.

Digital transformation strategists: Change agents chartered with the reinvention of their organisations, particularly in the TMT or retail industries, where business models were being – and continue to be – turned inside out by digital.

In purely pragmatic terms, a fourth ‘other’ category exists – populated by non-technologists of varying quality and experience in the existing organisation, from a marketing or product background for example. Due to intuitively grasping the content, organisational politics, or even luck, these types of people may end up in actual or quasi-leadership roles, particularly in the ‘tactical model’ scenario discussed below.

Their expectation of what the mandate for digital should be will almost certainly be influenced by which one of these categories they fall into, and their industry background.

Correspondingly, the environment the new digital leader is entering will need to be configured according to his or her background. Although digital leaders need to be specialists, in the words of Zach Leonard, the Evening Standard’s Managing Director of Digital, “They need to be part-marketer, part-CIO, part social media strategist, and digital publisher all in one.”

No internal candidate is likely to have equally extensive credentials as a serious leader, a brand and marketing specialist and a technology expert. The key is recognising this, and then compensating appropriately with the correct cadre of lieutenants, potentially changing the lead role and supporting cast as the organisation matures.

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2  http://www.deloittedigital.ca/chief-digital-officer
3  Zach Leonard, Digital DNA case studies page 48
Just as the digital leader’s supporting team needs to be configured according to their skillset, we also need to appreciate that the role of the digital leader (and potentially their title) will need to flex according to the organisation’s increasing digital maturity. Let’s take a closer look at the steps that make up a digital transition journey.

The journey to digital maturity – in four stages

The tactical model

Learn by trying

Initially, digital technology and ways of working are adopted within business units to achieve existing targets. For example, techniques like digital marketing, processes such as online self-service, and technologies like field force mobility, all create value without the need to re-engineer the way the business works.

The digital leader: will probably be a ‘guerrilla’ operator, who ‘gets it’. They may very well only be a leader unofficially, and there may be more than one of them. Moving quickly, and often under the radar of the wider organisation, they will be the digital catalyst – building a small, cross functional team with its own distinct culture. The individual successful in this role will be completely comfortable with ambiguity, able to retain focus throughout the numerous successes and failures of the learning process.

Case Study

Christophe Gaigneux
TJX Europe

“My job will be done when I become obsolete. I’m trying to write myself out of a job”

As E-commerce and Multi-channel Director, the ‘digital leader’ mantle is very much in Christophe’s role, despite not having a CDO title. In his interview with Deloitte Digital he highlights his expertise as ‘customer and business first, technology second’, lays out his approaches for getting buy-in to digital, and provides a practical illustration of the digital leader’s role evolving through the transition they are driving.

What are the remits of the digital leader within your organisation?

I was appointed two years ago as a disrupter by the CEO. I’m responsible for the e-commerce P&L, while integrating online with the wider brand positioning of a store-led business and an off price retail model. More recently as our digital capability has matured I have been moving into the broader customer experience working with the Marketing Director to ensure we keep the ethos of the brand DNA aligned as we digitise the business.

How does your role fit with the CIO/CTO roles in your organisation?

My role has always been to represent the business and determine the strategic objectives and give an appropriate timescale, while aligning financial feasibility with technical capability. The business was very worried about moving online and disrupting the brands they buy from which had been under the radar. Initially there was limited or no conviction for multi-channel, but now a sustainable multi-channel model is proven i.e. it is not cannibalising our bricks and mortar business. Digital always had to prove itself but more recently the reception has changed to be more about ‘we can’t afford not to be doing this or we’ll lose share’. At the start we used digital influence data as a big message to show the inter-connectedness of our channels, but we no longer need this as everyone is bought in.

Are there any industry-specific challenges for the CDO role in your sector?

The challenge is ‘Who owns the customer and brand?’ This is typically a rich discussion with Marketing! Also, going online is extremely transparent. You can’t hide and you have to learn in the way, this has arguably meant we’re a little slower to market as a result.

What cultural changes have you brought in? Why and how?

We’ve built internal trust that digital won’t destabilise business. We’ll continue to deliver to financial forecast ‘do what we say we’ll do’, focusing on incrementally improving sales and driving footfall via returns. Initially the business was delighted that we met our forecasts, but expectations have grown now in line with belief in digital. There’s no leniency now – we’re a ‘grown up’ part of the business, we get no special treatment or financial flexibility. We’ve been cautious in our approach and always proved the ROI along the way, this has arguably meant we’re a little slower to market as a result.

Where do you see the role of the CDO evolving over the next few years?

My job will be done when I become obsolete. I’m trying to write myself out of a job. My role may evolve into that more akin to a Chief Customer Experience Officer when we have the underlying capabilities in place. We’re still going to need a CTO or e-commerce IT VP to drive us to more connected and our technology will be fragmented for the midterm (5+ years). The role may morph to encompass digital in everything rather than the commerce focus I have today.

How was the CDO chosen within your firm, and why?

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I need to be aware of technology but not tech for the sake of it. With that experience to drive digital in a way that was sensitive to our wider values. I always apply business challenge to technology – I’m customer and business first, technology second. I need to be aware of technology but not tech for the sake of it.
As the recognition of digital momentum grows, their relative lack of seniority will be compensated for by the guidance of very senior mentors, with a view to elevating the role.

**The centralisation model**

**The Breakthrough Moment**

Usually to bring in appropriate expenditure governance, digital initiatives and skills are consolidated into a digital team reporting to the CEO, often headed up by a Chief Digital Officer. The team translates corporate strategy into priorities for digital initiatives and works with business units to implement them. This team is responsible for technology adoption in business units as well as innovation and integration ideas.

**The digital leader:** is likely by this stage to be a heavy-hitting, visible figure within the organisation. Their personal clout and budgetary influence will be employed in convincing every area in the business to pool its resources into a coherent and capable unit.

**The champion model**

**Learn through doing**

A digital strategy is in place by this stage, and has been effectively communicated across the business. A central digital team no longer holds all responsibility for digital with some capability embedded within business units. Emphasis is placed on sharing knowledge, educating and enabling others in the business.

**The digital leader:** should be a bridge-builder, charged with the widening and deepening of the digital culture, talent pool and capability present in the organisation. Theirs is the role of completing the transition to digital maturity, seeding it across all of the traditional organisation.

**The BAU model**

**Maturity?**

The objective of digitisation is to create a business that is flexible and responsive to change at all levels. Using and working with digital is no longer unusual and is a fully embedded part of daily working life. There is no longer cause to have a centralised function and digital roles are absorbed into business units. Teams form and disband dynamically based on business need.

**The digital leader:** should have little more to do than head up a non-strategic operations group managing content, platforms and apps. Given the extensive transformation experience gained, and the resulting prominence within the organisation, the CDO or digital leader may move into a CTO/CDIO, CMO, CCO or even CEO role.
Three months into his role as CDO at the Ministry of Justice, Arif Harbott has a unique viewpoint on digital leadership, given his varied sector background – Morrisons, Lloyds Banking Group, Booker – and his extensive remit. In his interview with Deloitte Digital he highlights the unique challenges of working outside of a private sector competitive environment, and the advantages of using agile principles in traditional, non-technical environments.

What are the remits of the digital leader within your organisation? How does your role fit with the CIO/CTO roles?

The key aspects are leading the department’s digital transformation, building digital platforms, citizen engagement and delivering digital by default public services. Sometimes we do the delivery with government agencies, sometimes we advise – we use a hybrid model because there’s so much to do. I do believe that CDOs will push further and further into the traditional IT space occupied by the CTO currently – as small digital services replace big outsourced contracts, the role will change to reflect this. There’s a huge change element, but there’s also the ‘day to day’ – supporting products we’ve built in the last three years.

Are there any industry-specific challenges for the CDO role in your sector?

It’s fundamentally different on a number of levels from the private sector. Specifically in this department, people are under incredible stress when they come into contact with the justice system. In addition most people aren’t used to the justice system – people go through it on average once in their lives – so that familiarity isn’t there. This means simple, user focused services which use simple, plain English and are easy to understand are key.

Digital in government

More broadly across the public sector there has to be a big focus on user need because there’s no external competition – we have to put that pressure on ourselves. If your online shopping isn’t working you just go to another company; you don’t choose where you go to court, or how you get there if you are in custody. These days digital is on the radar of everyone in government. It makes those key conversations a bit easier. The way we deliver helps too – we ask for a hybrid model because there’s so much to do. I do believe that CDOs will push further and further into the traditional IT space occupied by the CTO currently – as small digital services replace big outsourced contracts, the role will change to reflect this. There’s a huge change element, but there’s also the ‘day to day’ – supporting products we’ve built in the last three years.

What cultural changes have you brought in? Why and how?

• Focusing on Data: Data is the foundation of the efficient delivery of digital justice. There’s a lot of really good data locked up in legacy systems that we should surface. Principles like data stewardship need to come with this – placing an equal weighting on security and sharing rather than 99% security, sharing data on the basis of your security clearance not your department, and having clear ownership of data.

• End to end services: Digital is more than just the front end, it is the entire user journey. We are moving from just looking at citizen facing services, to considering the end to end service transformation. We need to look at service design, process design, legacy system transformation using micro-services and working closely with Technology to tackle challenges more broadly, rather than just building front end public services.

• Scaling agile: Moving from a few to many agile delivery teams means that we need to learn how to scale agile by being more flexible and more responsive. We can be more aligned to business need by cross-skilling, developing our people with a more rounded skill-set so that there’s less impact when there’s a spike in demand.

Where do you see the role of the CDO evolving over the next few years?

I don’t think CDOs will be around in five years. Currently the title has value as a change agent – it allows people to see that digital is being taken seriously at a board level – but the people working in future organisations won’t need to be educated about, and convinced by, digital. They’ll have a childhood like my kids who have had tablets and smart phones since a young age – my children try to swipe my TV, and wonder why a manual toothbrush doesn’t work automatically like an electric one! At some point, once the transformation elements are finished, the title will go away. The people at the top in ten years will all be digital people. In all likelihood we’ll be looking at a ‘digital CEO’ instead. We’ll expect CEOs to grasp digital now in the way that we expect them to understand the fundamentals of finance and marketing today.

How was the CDO chosen within your organisation, and why?

I took over from a previous CDO, but the role was originally created when the old CIO role was split into a CTO and a CDO. There’s an opportunity in that situation to bring in an external CDO as a symbol, someone from a more digitally mature operation who is immersed in user experience. The right route for an organisation varies – it depends hugely on what outcome you are seeking and your capability. If you’ve got 2000 digital people and can’t find any serious candidates then there’s something wrong. Not everyone even needs a CDO – for instance the role might well be called a CIO if broadly all your IT has undergone transformation.

N.B since this interview took place, Arif has become the Ministry of Justice’s Chief Digital and Information Officer.
Making it happen – priorities for the first few months

Having explored the traits of a digital leader, how their team should be structured around them, the journey their organisations are undertaking and their mandate across industries, the question remains – where do we start?

**Start with the right vision and strategy**

- Take steps to hammer home agreement with the rest of the c-suite regarding digital’s contribution to the team’s goals, getting emotional – and where necessary financial – buy-in, disabusing any perceptions of mere empire building.

- Where relevant to the organisation, review market positioning, particularly in relation to competition from ‘digital native’ companies.

- Get a sound grasp of the state of the organisation, including its mobile capability, the current extent, quality, and use of its data, and any burning platforms or infrastructure challenges.

- Set and communicate the vision for the necessary change, challenging the status quo as a leader with a clear purpose, agenda and identity, while accepting that everything can’t be done tomorrow. This will include communicating to both the digital and ‘traditional’ elements of the business, and avoiding giving ‘mixed messages’.

**Start with the right approach to consumers**

- Review the understanding of consumer segments through the organisation, and identify where digital opens up opportunities to better serve existing segments, or new segments altogether.

- If it doesn’t already exist, instil a focus on designing and building with the consumers of the product or service in mind.

- Prime available channels, and build new ones where necessary, to gather insight about consumer behaviour, and broadcast news about new developments driven by digital.

**Assess the organisation’s ability to provide the right products and services**

- Review the delete roadmap of product and service development, identifying where delivery risks exist that need to be mitigated.

- Reflect on the consumer analysis mentioned above, and identify gaps or overlaps in the proposition portfolio that need to be addressed by new development or a simplification of the offering.

- Ensure breathing space for innovation – create an environment where internal rules about spending and returns on investment encourage productive experimentation.

**Address key questions about getting and keeping the talent you need**

- Develop ‘leadership at all levels’, empowering and enabling management layers in a way that allows for creativity, rather than commanding and controlling. The key is responsiveness to change: flexible boundaries, adapting capacity to meet changes in the nature and scale of demand.

- Know the team’s capabilities and mind-set, and have plans in place to correspondingly acquire, grow, nurture and retain digital talent. Identify critical workforce segments that will drive a disproportionate amount of value and focus on these. Tap into the open-source talent pools rather than relying solely on talent that is on your books.

- Build networks of multi-disciplinary teams which bring together expertise from diverse areas. Operating in a digital world requires placing the customer at the heart of the operating model and breaking down functional silos.

- Make impacts on culture from the very start. This can take any number of forms from cosmetic changes of dress codes and workspaces or to more fundamental aspects such as recruitment policies. The latter will almost certainly mean recruiting not only the best but those that will ‘fit’ within the new culture and ways of working.

- Ensure newly introduced talent is hitting the ground running. Invariably, some candidates will be sold a vision that is not quite a reality by an over-eager recruiter. A few able mentors should be on hand to keep newcomers tolerant of early snagging issues, rather than relying entirely on the HR function from the traditional business.
Call them what you like, but every organisation needs an individual to take them through digital transition, if they haven’t yet made that leap.
Conclusion

Call them what you like, but every organisation needs an individual to take them through digital transition, if they haven’t yet made that leap. That person needs to be capable of galvanising the organisation, know what’s possible with digital, have the vision to identify new and disruptive business models, be well sponsored by their CEO, and have a gift for spotting and developing digital talent.

Their support team will need to be tailored to complement that leader’s strengths, and their role may vary according to the industry they operate in. They will need to be highly sensitive to the needs of building a successful culture that houses suitable digital talent.

You may call that person your CDO. You may call them a CDO for a time. They may become the overall technology lead in your organisation, as a CDIO/CTO. They may leave your organisation when the digital transition is complete and repeat that lifecycle elsewhere, or they may become your CEO.

The point remains – someone must be given responsibility for that digital transformation, they must be the right person and they must have the right support. This is not an overnight switch, and not one to be taken lightly.

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