# Leadership

# Digitization on Boards
## 4<sup>th</sup> Edition
The Keys to High Performance

**THE AMROP GLOBAL DIGITAL PRACTICE**

Full Report

**Amrop**
Leaders For What's Next

# CONTENTS

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What are successful digital executives (and their High Performing Organizations) doing better and differently in the digital arena? In this complex environment, where can digital executives and non executive boards focus — and win?

In a world where digital transformation is increasingly a make or break factor, your organization may not yet have a clear digital strategy and technology implementation plan in place. It may have had to deal with one or more cybersecurity breaches. It may even be struggling to survive.

Whatever your current status or ambitions, we invite you to read along.

In our report you will discover what successful digital executives and their High Performing Organizations are doing better. We drill down into their specific competencies to highlight the areas in which these leaders are significantly stronger. And we'll also look at areas where even HPO leaders, and their wider organizations, can do better in a complex environment, where digital executives and their boards can focus — and win.

Amrop has dedicated this research to seeing digitization through the eyes of digital leaders from High Performing Organizations and their Low Performing equivalents. Here you will find the keys of the digital leadership skills that organizations and their non executive boards will need to build a successful digital platform to drive high growth.

We thank Jennifer Jordan, Professor of Leadership and Organizational Behavior at IMD business school and Erik Beulen, Professor of Information Management at Tilburg University/TIAS Business School for providing their highly relevant insights on the strategic side of the research. Academia can teach us so much. Its learnings enhance the wisdom of our decision-making and open our minds to change. Their articles, which you will discover in the Full Findings, will give you new insights into the precise nature of your challenges.

On behalf of the Amrop Global Digital Practice, I now warmly invite you to dive into this report and listen to the voices of those executives who hold the keys to transformation and growth. Our thanks go to all the digital leaders who gave their honest and invaluable input.

Where can your organization focus, and win?

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## We asked senior digital executives to rate two major dimensions:

**1**

### Their own competencies

— STRATEGY: setting the digital roadmap
— ORGANIZATION: engineering the digital ecosystem
— CULTURE: creating the digital mindset and skillset
— SKILLS: possessing technical competencies

**2**

### Their organizational context

— Organizational configuration
— Organizational threats
— Their relationship with the board
— Board attitudes to digitization
— Their role, hiring and onboarding

## We compared the scores of senior digital executives working for 2 groups of organizations:

**1**
**Low performing organizations**
(LPOs)
3y decreasing or flat growth.
Surveyed pre-Covid

Digital leaders surveyed for the 3rd Edition of Amrop's Digitization on Boards report: extracted dataset of respondents stating that their organization had posted 3-year decreasing or flat growth.

**59 cases**

**2019**

**2**
**High performing organizations**
(HPOs)
3y increasing growth.
Surveyed during Covid

Digital leaders from companies cited as 'fast growing' by reputable independent sources (e.g. FT 100 listings) and market data. 79% of respondents confirmed their company had posted 3-year growth. Of these, 82% cited a growth rate of 5%+ with 65% citing a growth rate of 10%+.

**58 cases**

**2020**

## Respondents in both groups, (and their organizations) had comparable heavyweight profiles

### Senior Executives
9/10 at C-suite or board level, working for more than 11 years (7/10 for more than 21 years)

### Strong digital focus
The majority cite their role as CDO, CIO, CTO, Chief IT Officer.

### A global outlook
4/10 have a global span of control

### European, International Organizations
7/10 headquartered in Europe. 7/10 LPOs have offices in more than one country, (versus 9/10 HPOs).

### Multiple sectors
However, 3 sectors occupy 50% of both groups: Consumer & Retail, Financial Services, and Industrial/ Manufacturing

### Large players
4/10 have more than 5000 employees

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# Topline Findings

HPO leaders are bigger-picture thinkers and better at adding business value where it counts.

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Digital leaders are **key members of executive teams**. As such, we can consider that they are **jointly responsible** for double digit growth in **High Performing Organizations** (HPOs). Here we share the **competencies** where digital leaders in **HPOs** are strongest. We look at **areas** in which they and their organizations are performing **better** and **differently** in the digital arena. In HPOs we see a **'virtuous circle'**: of **confidence**, **competence** and **outcomes**. But even HPOs have **clear avenues** to **raise** their digital game. In this complex environment, where can digital executives and their non executive boards **focus** and **win** to build healthy **growth**?

## BOARD RELATIONSHIPS

Both HPO and LPO leaders are in need of better support from their boards: the step from vision to action is often missing. Digital leaders certainly get access to their boards, and board members do listen to their input. However, when it comes to implementation, board support tails off. Indeed, only a minority of digital leaders in either type of organization really believe their boards understand their challenges.

## BOARD ATTITUDES

Digitization is high on the board agendas of most HPO and LPO organizations. However, we see multiple avenues for improvement at board level. Most boards still lack digital literacy and vision. The (narrow) focus is largely on digitization as a support for operations and the customer interface. Digitization is widely used to exploit the status quo. Deploying it as a driver for exploration in terms of innovation and business modelling, is a missing link for around half of organizations.

| STRATEGY | ORGANIZATION |
|----------|--------------|
| HPO leaders are more visionary, transformative, and able to create human, social and commercial value. But HPO and LPO leaders post similar scores on Innovation. | HPO leaders take a more globalized outlook and they are better at connecting digitization to the needs of business stakeholders. |

| SKILLS | CULTURE |
|--------|---------|
| HPO leaders score significantly higher than LPO peers in meeting security needs across markets. They are also better at managing wide spectrum domains: big data and large scale vendors. | HPO leaders have a more a forward-looking, 'growth' and adaptive mindset; they are better at cultivating wise decision-making in digitization and installing talent management. |

## ORGANIZATIONAL THREATS

A significant minority in both groups cite 4 key threats as 'high' or 'extreme'. Two of these threats, (digital risks and customer frustration) are less of a problem for HPOs. But both groups are equally concerned by data overload and regulatory hurdles.

## ORGANIZATIONAL SET-UP

HPO leaders are more likely to operate in a strategically coherent environment than LPO leaders. They also face fewer questions about digital ROI. However, slightly more HPO leaders are dealing with stakeholder impatience than their LPO peers. And in both HPO and LPO organizations, there are clear avenues for improvement in all aspects we examined.

## ROLE, HIRING and ONBOARDING

HPOs and LPOs alike are generally creating inspiring and empowering role profiles. However, only around half of leaders are getting effective onboarding, and mentoring and coaching is a rarity.

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# 1

## THE COMPETENCIES

Looking at the big four dimensions of the **Amrop Digital Competency Model (ADCM©)**, similar numbers of HPO and LPO leaders are confident about their **technical** abilities and DNA. But HPO leaders are **bigger-picture** thinkers and better at adding business value where it counts.

Examining the overall scores for the big four dimensions, (where leaders score a positive 4 or 5) we find some significant gaps between the two groups. The largest lie in the 'big-picture' dimensions of strategy, organization and culture.

— **STRATEGY:** Setting the digital roadmap (**14% gap**; 75% of LPO leaders score 4 or 5, vs. 89% of HPO leaders)
— **ORGANIZATION:** Engineering the digital ecosystem (**12% gap**; 70% of LPO leaders score 4 or 5, versus 82% of HPO leaders)
— **CULTURE:** Creating the digital mindset and skillset (**17% gap**; 70% of LPO leaders score 4 or 5, vs. 87% of HPO leaders)
— **SKILLS:** Possessing technical competencies (**7% gap**; 74% of LPO leaders score 4 or 5, vs. 81% of HPO leaders).

So if similar numbers of LPO and HPO leaders are **technically** confident (and we could argue these skills are core to their role), the HPO leaders do far better on the higher-order leadership dimensions: **culture, strategy-setting** and digital **organization**-building.

## ABOUT THE ADCM©

Comprising 4 dimensions and 24 items, Amrop's Digital Competency Model captures the core aptitudes for CIOs and equivalent leaders. It is based on observations from hundreds of interviews with digital leaders and hiring organizations, as well as the academic literature on digital transformation.

# 2

## THE ORGANIZATIONAL CONTEXT

We also looked beyond digital leaders' competencies, to the wider organization, seeking their view on **board** attitudes and support, **organizational setup**, and their own **role** configuration. Here, whilst we find differences between the LPO and HPO groups, the gaps are less striking than in the competency domain. However, both HPO and LPO organizations present a number of worrying roadblocks, as we'll see.

Board backing is vital for CIOs and their equivalents. And yet only around 30% in either group really agree that their board understands the challenges of their role, or supports them in carrying it out. As mentioned on the previous page, the step from vision to action is often missing, with support fading as hard questions of process and resources start to kick in.
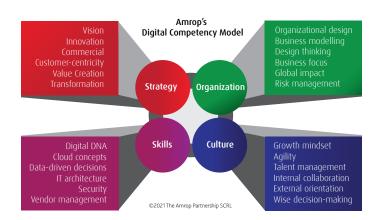
For all the data, see the Full Report

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**The ADCM©** contains 4 DIMENSIONS and 24 COMPETENCY ITEMS. For each ITEM, we asked digital leaders to self-score on a scale of 1-5 (where 1: low confidence and 5: full confidence). Comparing the results of the LPO and HPO leaders reveals significant differences between each group — and potential coaching zones for both. Here we highlight the competency items where we found difference of minimum 15% between the scores of the two groups. In most cases, these appear when we look at scores of 4 and 5. However we also signal a few items where a 15% gap appears on scores of 5.

**Guide to this overview:** The large circles display overall results for the 4 DIMENSIONS on scores 4-5. The small circles display specific ITEMS with a 15% gap or more between the two groups. Where we found gaps of 15% or more on score 5, we also mention these.

**Amrop's Digital Competency Model**

Strategy
- Vision
- Innovation
- Commercial
- Customer-centricity
- Value Creation
- Transformation

Organization
- Organizational design
- Business modelling
- Design thinking
- Business focus
- Global impact
- Risk management

Skills
- Digital DNA
- Cloud concepts
- Data-driven decisions
- IT architecture
- Security
- Vendor management

Culture
- Growth mindset
- Agility
- Talent management
- Internal collaboration
- External orientation
- Wise decision-making

©2021 The Amrop Partnership SCRL

# 1
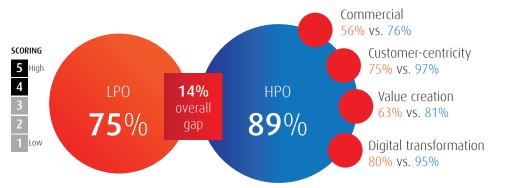## STRATEGY | Setting the Digital Roadmap

In the STRATEGY dimension we see a major gap in overall scores: 75% of LPO leaders score 4 or 5 across all items, vs. 89% of HPO leaders. Diving deeper, we see marked differences in strategic, business-focussed competencies, for example on the commercial side. When it comes to big picture thinking, HPO leaders are far more visionary and transformative than their LPO counterparts and significantly better at creating human, social and commercial value from digitization. Given that strategy-setting is such a key part of the digital leader's role, the low scores for the LPOs give cause for concern.

**HPO digital leaders are more visionary, transformative, and better able to create commercial value. However, HPO and LPO leaders post similar scores on Innovation.**

— Vision
— Innovation
— Commercial
— Customer-centricity
— Value creation
— Transformation

SCORING
5 High
4
3
2
1 Low

LPO **75%**

**14%** overall gap

HPO **89%**

Commercial
56% vs. 76%

Customer-centricity
75% vs. 97%

Value creation
63% vs. 81%

Digital transformation
80% vs. 95%

*Vision:* 34% of LPO leaders score **5** vs. 52% of HPO leaders.
*Innovation*: around 90% of leaders in both groups score 4-5, and around 50% score 5. So there is little difference between the two groups on this competency.
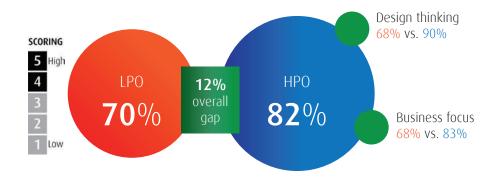
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# 2

## ORGANIZATION | Engineering the Digital Ecosystem

HPO leaders are far more confident in building the right organization to support high growth. Only 69% of LPO leaders score 4 or 5 across all 6 items, vs. 82% of HPO leaders. Drilling down, HPO leaders are more confident in each of the six ORGANIZATION competencies. In particular, they have a wider, more globalized outlook and are better at designing for business impact, managing the risk associated with global expansion. Given the low scores of the LPO leaders, we question how this is impacting the low performance of their companies as a whole.

**HPO leaders take a more globalized outlook and are better at building high-performing organizations by connecting digitization to the needs of business stakeholders.**

— Organizational design
— Business modelling
— Design thinking
— Business focus
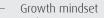— Global impact
— Risk management

SCORING

5 High
4
3
2
1 Low

LPO
70%

12% overall gap

HPO
82%

Design thinking
68% vs. 90%

Business focus
68% vs. 83%

*Global impact:* 19% of LPO leaders score a **5**, vs. 35% of the HPO equivalents.

# 3

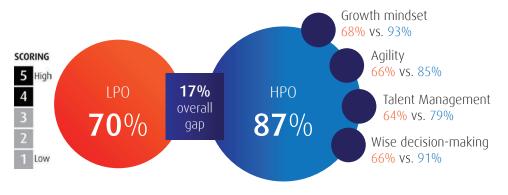## CULTURE | Creating the Digital Mindset and Skillset

When it comes to installing a digital CULTURE, we again see a striking difference between the two groups. Only 70% of LPO leaders score 4 or 5 across all 6 items, vs. 87% of HPOs. Going deeper, HPOs are distinctly more confident in each of the six CULTURE competencies. They score much better when it comes to a growth mindset, cultivating agility and understanding the importance of wise decision-making (a key to building high-performing teams). HPO leaders are also markedly better at installing talent management. When it comes to attracting the right talent, HPO leaders are positioned for success.

**HPO leaders have a more a forward-looking, 'growth' and adaptive mindset; they are better at cultivating wise decision-making in digitization and installing talent management.**

— Growth mindset
— Agility
— Talent management
— Internal collaboration
— External orientation
— Wise decision-making

SCORING

5 High
4
3
2
1 Low

LPO
70%

17% overall gap

HPO
87%

Growth mindset
68% vs. 93%

Agility
66% vs. 85%

Talent Management
64% vs. 79%

Wise decision-making
66% vs. 91%

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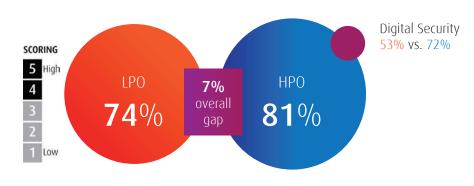
How confident are digital leaders in their technical SKILLS? Once again, HPO leaders are more robust than LPO counterparts, with 74% of LPO leaders scoring 4 or 5 across all items, vs. 81% of HPO leaders. Diving into the details we see that HPO leaders are more confident in each of the six SKILLS competencies. The biggest gap emerges in a critical area: meeting security needs across markets. And when we pull out scores of 5 (full confidence), we surface two more big differences: firstly, HPO leaders perform much better in managing big data and secondly, managing large-scale vendors (see below). Overall, the low LPO scores in this core domain give cause for concern.
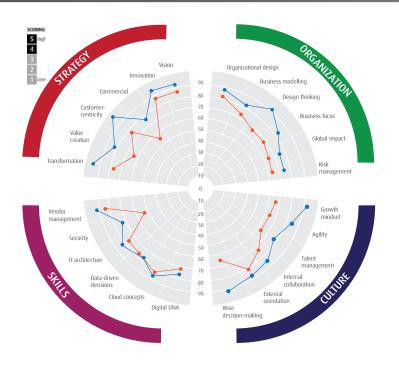
**HPO leaders score significantly higher than LPO equivalents when it comes to meeting security needs across markets. They are also better at managing wide spectrum domains: big data and large scale vendors.**

— Digital DNA
— Cloud concepts
— Data-driven decisions
— IT architecture
— Security
— Vendor management

SCORING
5 High
4
3
2
1 Low

LPO **74**%

**7%** overall gap

HPO **81**%

Digital Security
53% vs. 72%
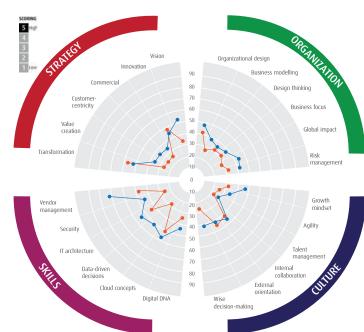
*Vendor management:* 49% of LPO leaders score **5**, versus 71% of the HPO peers.
*Data-driven decisions* also shows a significant gap on score **5**: 29% of LPO leaders vs. 50% of HPO leaders.

## OVERVIEW | Competency Dashboards

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# 70%

**Unsupportive boards**

Only 30% agree that their board generally understands the challenges of their role, and supports them in carrying it out.

# 60%

**Digital impatience**

There is a lack of realism and patience when it comes to digital initiatives.

**Short-sighted Boards**

The Board pays insufficient thought as to how digitization could transform the business model.

# 50%

**Financial short-termism**

The focus is more on current revenues and margins, than on the future benefits.

**Low momentum**

There is insufficient dynamism and speed to decide and deliver on digital opportunities.

**Disorienting landscapes**

Organizational structures are fragmented and/or over-complex.

**Slow human connection speeds**

Onboarding failed to connect the new leaders to key stakeholders.

# 40%

**Unstrategic boards**

Board only sees digitization as something that can support or improve operations.

# 30%

**Elusive stakeholders**

It is difficult to identify and unite the right internal stakeholders.

**Board tunnel vision**

Board focus is limited to the customer interface.

**Data overload**

The inability to process data in a meaningful way is a threat.

# 20%

**Deprioritization**

Digitization is a low priority for the Board.

**Red tape**

Progress is threatened by regulatory blocks or delays.

*Showing rounded percentages, on scores 4-5 (very much or fully agree with the statements on the right)

# Joining the Dots

HPO digital leaders are more visionary, transformative, and better able to create commercial value.

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Our study addresses **two major digital transformation perspectives**. Firstly, we compare the self-reported **competencies** of LPO with HPO leaders. Secondly, we compare their **organizational context**. What **patterns** do we find betweem the two dimensions?

# 1

## HPO leaders are better at cultivating agility and are (slightly) less frustrated by low momentum.

We've seen a 17% gap between the overall confidence levels of the two groups in the **CULTURE** competency dimension (70% of LPO leaders assign it 4 or 5, vs. 87% of HPO peers). So, far more HPO leaders are confident about *'creating a digital mindset and skillset'*.

**'Agility'** in particular, yields a potentially interesting connection. We define this as '*cultivating stakeholder willingness and ability to experiment, flex and adapt to fast-changing environments'*. 66% of LPO leaders score 4 or 5 on 'Agility', vs. 85% of HPO leaders. When it comes to agility in their wider organizations, around half of leaders in both groups signal *'insufficient dynamism and speed to decide and deliver on digital opportunities'* as quite, or very problematic. If 56% of LPO leaders report this problem, rather fewer HPO leaders do (45%). However, when we look at the numbers who say that this slow-footedness is very problematic, the gap widens. 27% of LPO leaders are acutely concerned by organizational inertia, vs. only 10% of HPO equivalents.

# 2

## HPO leaders are more competent strategists, in strategically coherent organizations.

In the **STRATEGY** competency dimension (*'creating the digital roadmap'*) we've seen an 14% overall gap in the confidence levels of the two groups (75% of LPO leaders score a 4 or 5, vs. 89% of HPO leaders). We also see differences at the organizational level: a 'lack of shared strategy' is a problem for 58% of LPO leaders, vs. only 36% of HPO leaders.

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# 3

## HPO leaders are significantly more business-savvy than LPO leaders, and better design thinkers.

# 4

## HPO leaders are more confident about managing digital security and fewer HPO organizations are at risk.

Still in the **STRATEGY** competency dimension, a further item gives pause for thought: **'Commercial'** ('*defining commercial performance indicators for digitization efforts'*). 56% of LPO leaders self-score 4-5 on this competency vs. 76% of HPO leaders. If around 30% of boards in both groups limit digitization to the customer interface, then HPO leaders are much better positioned to deliver measurable impact where it really matters to boards.

In the **ORGANIZATION** competency dimension, we saw a 13% overall confidence gap between the two groups; (70% of LPO leaders score 4 or 5, vs. 82% of HPO leaders). Specifically, we find significantly more business-savvyness in the HPO leaders. Only 68% of LPO leaders score 4 or 5 on '**business focus**', vs. 83% of HPO equivalents ('*integrating digitization in business processes and objectives'*). Digital platforms that are *'attractive, user-friendly, and feedback-responsive'* will more likely gain traction. When it comes to this '**design thinking**', 68% of LPO leaders score 4 or 5, vs. an impressive 90% of their HPO peers. So HPO leaders are considerably better at adding value and make a stronger case for engagement.

Not surprisingly, 53% of LPO leaders face questions about **ROI.** More surprisingly, despite their demonstrable competencies in adding business value, so do 29% of HPO leaders. In theory, ROI should equal resources, but only 20% of LPO leaders are getting what they need to deliver, (vs. 35% of HPO equivalents). So there is a widespread **resourcing** problem in both groups, although HPOs have a clear edge over LPOs when it comes to this hard, tangible support.

The **SKILLS** dimension focuses on *technical* competences, and here we found only a 7% gap in overall confidence levels, with 74% of LPO leaders scoring 4 or 5, vs. 81% of HPO leaders. '*Security*' is possibly one of the most crucial skill areas. 72% of HPO digital leaders score 4 or 5 on '*being up to date with security needs, regulations and processes across operating markets'*. Worryingly, only 53% of LPO leaders are this confident. Accordingly, 36% of LPO leaders are concerned about a lack of capabilities in their organization to manage digital **risks** (*human or system failures, data security or reputational issues*) vs. 22% of HPO leaders.

For all the data, see the Full Report

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# Management Messages

## Win factors for boards, C-suite executives and digital leaders.

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Our report reveals that a worryingly high proportion of boards are falling behind in the digitization arena. Based on the input of the digital leaders we surveyed, here are our key recommendations — and some tough questions.

**Take the digital bull by the horns.**

Boards (and CEO's) are accountable for an organization's success. As such, digital executives should now be a key member of the top management team. Work with your CEO (or CFO) to hire a CIO who has the full spectrum of digital competences.

**Ask, does your board need a deeper overhaul?**

Restoring growth takes a top notch CIO, even if the hire involves replacing one or more top team members. To work productively with the CIO, CEO's in particular need learning agility. They must be willing and able to transform the business model, focus on the innovation that drives customer value and understand the global impact of digitization and its risks (including cybersecurity). If this understanding is absent it must be installed as a priority, even if that takes a painful decision.

**Look for transformational track record.**

Bring in one or more non executive board members who already restored an organization to growth, developed new business models and created new value via digitization. Our Digital Competency Model is designed to help you to map the skills you need, and is presented in our report.

**Move from board composition to comportment.**

Filling a digital seat is only the first step to high performance. Our research shows that boards must openly engage with digital hires. This means interacting productively with your new executive, learning from his or her hard-won experience and co-deciding on the right strategy going forward. Especially if you seek double digit growth.

**Back up digital executives. From A to Z.**

Even the best digital leaders will be set up to fail without your support. Yet only around 30% really agree that their board understands the challenges of their role, or supports them in carrying it out. Does your board fall into this category, even if all seems well on the surface? How can you step from initial lip service, to hard resourcing? How can you ensure your digital leaders are coached and mentored?

**Widen the scope.**

If you are like around half of the organizations we surveyed, your board members are too narrowly focused, limiting digitization to operations and adjustments to the customer interface. Deploying it as a driver for exploration, innovation and business modeling is a missing link for many organizations. Is yours one of them?

**Take a hard look at your organizational architecture.**

Digitization is being widely blocked by organizational fragmentation, our survey reveals. If your organization is showing symptoms of this, it's time to start rebuilding around those legacy structures and systems. Only then can you move into the new.

**Rise out of the struggle to survive.**

Many boards we surveyed lack digital literacy and vision. Education deserves a place on your agenda. In addition, an objective board assessment can foster the self awareness needed to ignite a fresh attitude towards CIOs, unleashing the support and implementation that so many boards still fail to offer. Our report features commentary from IMD and TIAS business schools. Both offer cutting-edge programs and thought leadership.

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Digital executives should be a natural member of today's executive team. Successful Boards not only hire an experienced professional but engage with and learn from their colleague. Together they co-decide upon the strategy that will take their organizations forward. As such, we can argue that digital executives and boards are jointly responsible for the double digit growth in the HPOs we surveyed.

**Widen your outlook.**

If you are like very many of your peers, you risk being too narrowly focused, *exploiting* digitization to support operational excellence and the customer interface. We recommend that you also start to envision and deploy digitization as a driver for *exploration*: innovation and new business modelling.

**Change the mindset: HPOs and their CIO's think 'beyond'.**

HPO digital executives are particularly good at envisioning the big digital picture and building the strategy to achieve it. They blend business fundamentals with their digital DNA, building new organizations with a different, agile culture. What's more, they know how to attract the right talent to build high-performance teams.

**To restore growth, hire a top-notch CIO. Our model is here to help.**

Amrop's Digital Competency Model sets out the full suite of digital competencies for your new hire. An agile learner, a good CIO knows how to transform your business model, focusing on innovation as a driver for customer value. S/he understands the global impact of digitization and has a firm grip on cybersecurity risk. Consider that the drive to What's Next may demand an honest assessment, or even replacing one or more members of your executive team.

**Inject HPO success factors into digital teams and finance the rebuild.**

This report contains striking learnings to help you bring in the right digital leadership and associated skills. Plan a realistic funding schedule to revamp the core team that reports directly to the CIO. We advise realism: in the current talent market you'll need a competitive offer, a strong employer branding proposition, inspiring role profiles, and clear assurances of board support.

**Use our keys for high performance to inspire the board.**

We present the insights you're looking for to succeed in broad spectrum digital transformation. Use them to motivate your board to accelerate change. Remembering that success will lead to opportunities in new markets, creating real customer value and driving high growth.

**Ensure your CIO has skin in the game.**

Make your CIO an integral part of your management team, with P&L responsibility. Give him or her a stake in bringing your organization back to high performance mode, creating measurable value and growth.

**Use our keys for a diagnosis and prognosis.**

The keys to growth, if unused, also explain decline. Especially in the current climate it's tempting for boards to postpone investment in a future state: from hiring the right CIO's, to building the right organizational setting and teams. Procrastinating firms will struggle, fail to grow and ultimately, to survive. What is your diagnosis (and prognosis?).

**Join the digital movement!**

If as a C-suite executive your world is being turned upside-down by digitization, you no longer need to stand helplessly on the sidelines of your business. You can go and transform your organization by drawing on the expertise and insights in our report. For example, as a CHRO, how could you translate these findings into a winning difference in your domain?

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As a digital executive you should be a key member of today's executive team. A successful board will not only hire your experience, they will learn from it, working with you to co-decide the strategy going forward. As such we can argue that strong digital executives are jointly responsible for the double digit growth in the HPOs we surveyed. Joining them is your challenge and opportunity.

**Emulate the best.**

We urge you to be inspired by your HPO peers. As you'll see in our report, they know and show how to operate in a high growth environment. They help organizations win more business. They change the organizational set-up, engage the board, and make the case it needs to invest in digital transformation.

**Map your competencies.**

Use a Leadership Assessment to map and understand your gaps (and strengths). In our report you'll find the Amrop Digital Competency Model. Use it as a dashboard to assess the capacity or potential to play the 'change game': your own, your current team members, or to revamp and replenish your team in a hiring drive.

**Focus to win.**

Our report pinpoints the areas that distinguish HPO digital leaders. We highlight the business skills that can help you build the case to secure vital resources. Improved customer-centricity for example, providing KPIs for digital channels, or designing user-friendly systems. In short, a deep understanding of digital commercial opportunities and a focus on value creation will increase your chances of investment.

**Perform a serious security check.**

Our report also reveals that Low Performing Organizations are particularly vulnerable to security risk; their CIOs are struggling to manage the pitfalls of global scale-up. If this applies to your organization, bringing in a CISO is a non-negotiable. No company (or individual executive) can afford the financial and reputational cost of a breach. Nor should High Performing Organizations take their eye off the ball. They are also exposed, our research indicates.

**Redirect your resources and rebuild your core digital team.**

Diversity of thought and demographics (particularly gender), leads to more creative (and robust) digital solutions. It pays to select the best talent out of a pool ('*one out of one*' is not a choice). However, top digital talent is thinning out as demand rockets. To maximize your chances of a sustainable hire, it's wise to draw on the objective expertise of an executive search firm.

**Leverage vendors to ramp up your organization.**

Vendors can bring in the scarce new tech skills that your organization needs to scale up and grow. Our report reveals that the CIO's of HPOs have a sharp edge over low performers when it comes to managing large-scale externals. To boost your confidence, demand a coach or mentor from outside, or from a complementary function within your organization.

**Sharpen your board relationship and stakeholder management skills.**

IMD and TIAS Business School both feature in our report and offer a wealth of online leadership programs and thought leadership. Seek funding from the top, or invest in yourself. Because if you want your organization to survive and flourish, you'll need the skill and resilience to get your Board and Executives to change. In a struggling firm, this may be a considerable challenge. Are you ready to take this on in your current firm? Or is it time to move to a more open-minded place?

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# Let's Talk!

We warmly invite you to a dialogue to share the learnings for unlocking the keys to high performance. On pages 45 and 46 you'll find two diagnostic frameworks to kick start the discussion.

# Looking for Advice?

To set up a call, request a proposal for executive search, leadership and board services, or to arrange an assessment, please email us at digital.practice@amrop.com.
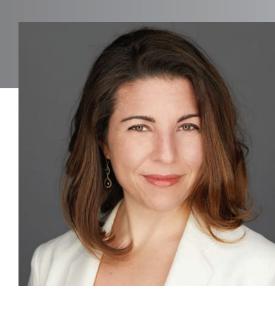
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# Full Findings

**THE BALANCE BETWEEN LISTENING AND TELLING IN THE DIGITAL AGE**
By Jennifer Jordan, Professor of Leadership and Organizational Behavior
**IMD Business School, Lausanne, Switzerland**

While leaders, traditionally, were believed to be valued for their knowledge and expertise — that is, what they know — in the digital age, leaders are often most valuable when they can learn what others know. That is, to be strong and active listeners.

In the digital age, so much of leaders' technical or organizational knowledge is obsolete. This shift means that leaders need to look to others for expertise and cues on how to proceed in a volatile time. In our research at IMD, we found that in the digital age, one of the leadership competencies that predicted success in environments of digital disruption was the ability for a leader to listen to those around him or her. Leaders who were able to listen were also better able to learn and support those around them who possessed the technical or digital expertise. These listeners were humble leaders. And this humble approach to learning also cultivated an agile and flexible environment, rather than one that was rigidly and unbendingly tied to the "way things always have been done."

But, perhaps most surprising in our research was that we found that leaders in the digital age also needed to be the "tellers". That is, when it came to expertise and vision around leadership practices or wisdom around the prudent way to behave, leaders sometimes needed to be the ones giving advice and direction rather than listening to others. That is, they needed to provide guidance and a clear path forward.

We labeled this "tension" between listening and telling as a fundamental tension of leadership in the digital age. And this paradox is reflected in AMROP's latest survey about keys to High-Performing Organizations amidst digitalization.

Whereas less than half of the Low-Performing Organizations agreed with the statement, *"The Board actively listens to the input I share with them"*, more than half of the High-Performing Organizations agreed with this statement. And High-Performing Organizations also demonstrated flexibility. In our research at IMD, we too found that organizations with more "listening leaders" were also more adaptive and flexible because listening was a huge source of learning.

But in this latest AMROP survey, telling seemed to also have a significant role — albeit indirectly. Specifically, the High-Performing Organizations embodied wise decision-making.

What we have found in working with many organizations traversing their own digital transformations is that wise decision-making often stems from a culture based in strong values. And these strong values are not imparted by the newer members of the organization but are imparted by the senior members — individuals who have remained at the organization for many years because they embraced and have integrated these values into the way that they live and work. These leaders share their knowledge via coaching the more junior (and many times, more digitally-savvy) members on how to live these values out loud in their behavior. This coaching and mentoring is what successful "telling" looks like in the digital age.

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*But what does such a balance between listening and telling look like in terms of leadership behavior?*

First, on the listening side, it means to be present. It means putting away the mobile phone and closing the email inbox and being a witness to the person in front of you. Second, it means to remove one's preconceived notions and to ask questions out of genuine curiosity — actively listening to the answers. And third, it means to be aware of the internal insecurities that sometimes prevent a leader from actively listening. Some leaders see listening as a weakness because if you listen, then you are not the one with the answer. And leaders always have the answer, right? This preconceived notion around listening can prevent leaders from being open and receptive to the knowledge around them that is necessary for a successful digital transformation. In the digital age, the formal leader is rarely the one with the answer and it takes humility to internally accept this and externally act on it.

And on the telling side, it means being clear with one's team and subordinates on the values of a culture that must be upheld and what behaviors are in the "no go" zone. That is, what behaviors go beyond mere experimentation or "trying new things" into unethicality or violations of core organizational values? Telling also means to mentor and coach on a caring but daring culture in which people attend to others' well-being but also push boundaries in terms of experimentation and innovation.

The listening-telling balance is often a rare one to find (most organizational cultures are either more on the telling or the listening side). But in an age of digital disruption, successfully achieving this balance is key to having a thriving organization and one where people both learn and teach.

**The listening-telling balance is often a rare one to find (most organizational cultures are either more on the telling or the listening side). But in an age of digital disruption, successfully achieving this balance is key to having a thriving organization and one where people both learn and teach.**

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Launching digital strategies is no longer a waterfall process that starts with an ivory tower creation and is then completed by a Board of Management endorsement. It is high time to launch digital strategies in an inclusive and transparent manner.

This where the concept of **Open Strategy** comes in. The Open Strategy concept enables a strategic dialogue between a wide range of stakeholders. Also, there is an increasing urgency to power the launching of digital strategies from start to end with technology. Embracing the concept of Open Strategy impacts the nature of the ways of working and the required strategy competencies of digital leaders.

The digital strategy competencies of AMROP's Digital Competency Model comprise six areas. Excelling in these areas requires inclusivity and transparency, which is often underexposed. The Open Strategy guides digital leaders in this journey. In this context, the six digital strategy areas can be grouped in three clusters. All three clusters leverage technology as a foundational element. Let us take a closer look at these clusters to understand the opportunities for digital leaders to improve their competencies in launching digital strategies.

**Vision and Innovation.** Strong digital leaders have excellent skills to solicit views from the organization, including their management. A 360-degree approach to communication will broaden the interaction, allowing the highest senior management and the lowest employees to interact directly in idea exchange. These leaders also have exceptional collaboration skills to continuously communicate with all levels in the organization in order to feed forward while shaping digital strategy.

To ensure inclusion and transparency, a true digital leader will add social media to the mix, for example through protected Twitter messages to all employees. Here and now, short feedback cycles and lively constructive discussions are needed in order to secure internal inclusion and transparency.

Doing so deepens employee confidence in management's vision, promotes a "one firm" bonding and, ultimately, ensures all are working towards the same goal.

**Commercial, customer-centric and value creation.** Convincing digital leaders have outstanding skills and are able to engage with clients in order to truly understand their needs. Digital leaders need to broadcast vision and innovation to clients. Clients also need to be involved from the start of the initiation of the launching process of the digital strategy. Digital leaders facilitate co-creating the digital strategy in safe small-scale settings with selected clients — think discussion sessions supported with collaborative whiteboards such as Miro or Lucidspark, on top of tools such as Microsoft Teams or ZOOM. Digital leaders will receive value input and feedback and build an evolving acceptance of their digital strategy by demonstrating client inclusion, and clients will thereby feel their feedback is heard, understood and incorporated into the overall strategy.

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**Transformation.** Persuasive digital leaders have outstanding skills to put into action their digital strategy. In order to effectively transform, inclusion and transparency are again important for both the clients as well as the entire organisation. This cluster is predominantly about broadcasting success — consider LinkedIn and Instagram and shared successes, as well as putting your clients, key employees and champions in the limelight. In all fairness, this third cluster is for most organisations the most mature cluster, and many organisations are already showing inclusion and transparency in the implementation of a digital strategy.

Furthermore, the pandemic has opened the floodgates for social and online sponsored self-promotion. Digital executives who build promotion into their core strategy will reap the benefits of partnership, loyalty and value creation.

In summary, Open Strategy changes the digital strategy competencies of digital leaders and enables a strategic dialogue with clients and the entire organization. The Open Strategy lowers the barriers for participating in the creation of the digital strategy, generates potentially valuable ideas, creates a solid client and internal support base and necessitates that digital leaders further sharpen their proverbial pencils. Consider how you will launch your digital strategy in an inclusive and transparent fashion by embracing technology.

> # The Open Strategy lowers the barriers for participating in the creation of the digital strategy, generates potentially valuable ideas, creates a solid client and internal support base and necessitates that digital leaders further sharpen their proverbial pencils.

## Further reading

Whittington, R., Cailluet, L., & Yakisâ-Douglas B. (2011). Opening strategy: evolution of a precarious profession. British Journal of Management, 22(3).

Seidl, D., Von Krogh, G., & Whittington, R. (Eds.). (2019). Cambridge Handbook of Open Strategy. Cambridge: Cambridge University Press.

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# Full Story

HPO digital leaders have a wider, more globalized outlook and are better at connecting digitization to the needs of the business.
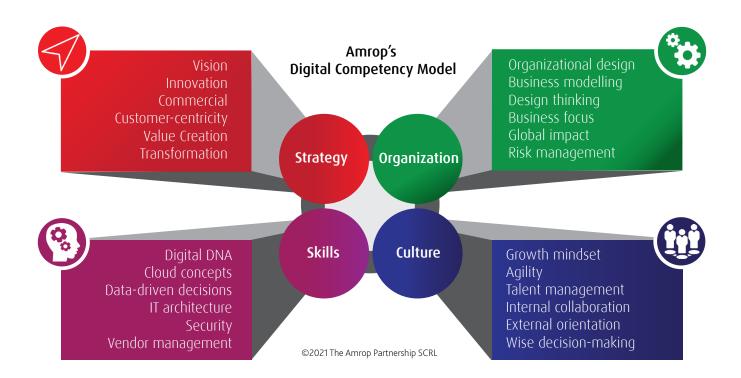
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# Part 1
## Digital Competencies

What sets the
digital leaders of
High Performing
Organizations apart?

We look at four big competency domains: **Strategy, Organization, Culture** and **Skills**. We find
significant differences between the leadership of high and low performing organizations.
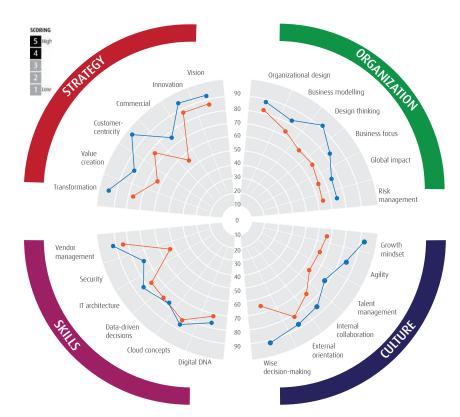
**RECAP**

The Amrop Digital Competency Model (ADCM©) captures the core competencies for CIOs and equivalent leaders. It is based on observations from hundreds of interviews with digital leaders and hiring organizations, as well as the academic literature exploring digital transformation.

Amrop's
Digital Competency Model

**Strategy**
Vision
Innovation
Commercial
Customer-centricity
Value Creation
Transformation

**Organization**
Organizational design
Business modelling
Design thinking
Business focus
Global impact
Risk management

**Skills**
Digital DNA
Cloud concepts
Data-driven decisions
IT architecture
Security
Vendor management

**Culture**
Growth mindset
Agility
Talent management
Internal collaboration
External orientation
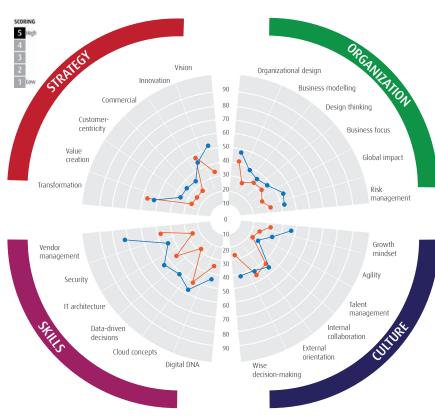Wise decision-making

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In this section we'll find out how well digital leaders master the competencies set out by our model. We'll surface the key differences between members of High Performing Organizations and of Low Performing Organizations.

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In this overview we show the scores of LPO and HPO digital leaders at a glance, on all items and all dimensions in the model. As we see, there are significant differences between the two groups, in multiple areas.
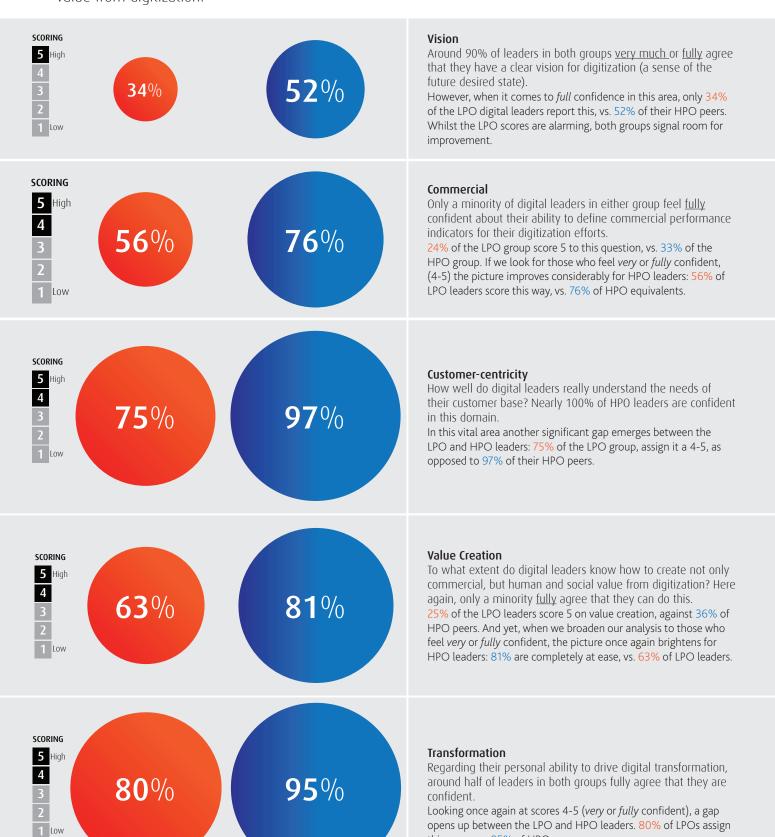


Read on to explore the findings in more depth.

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— Vision
— Innovation
— Commercial
— Customer-centricity
— Value creation
— Transformation

It is here that we find the most incidences of significantly higher scores in the HPO digital leaders. They are more visionary and transformative. They are also better at creating commercial, human and social value from digitization.

**SCORING**
5 High
4
3
2
1 Low

**34%**   **52%**

### Vision
Around 90% of leaders in both groups very much or fully agree that they have a clear vision for digitization (a sense of the future desired state).
However, when it comes to full confidence in this area, only 34% of the LPO digital leaders report this, vs. 52% of their HPO peers. Whilst the LPO scores are alarming, both groups signal room for improvement.

**SCORING**
5 High
4
3
2
1 Low

**56%**   **76%**

### Commercial
Only a minority of digital leaders in either group feel fully confident about their ability to define commercial performance indicators for their digitization efforts.
24% of the LPO group score 5 to this question, vs. 33% of the HPO group. If we look for those who feel very or fully confident, (4-5) the picture improves considerably for HPO leaders: 56% of LPO leaders score this way, vs. 76% of HPO equivalents.

**SCORING**
5 High
4
3
2
1 Low

**75%**   **97%**

### Customer-centricity
How well do digital leaders really understand the needs of their customer base? Nearly 100% of HPO leaders are confident in this domain.
In this vital area another significant gap emerges between the LPO and HPO leaders: 75% of the LPO group, assign it a 4-5, as opposed to 97% of their HPO peers.

**SCORING**
5 High
4
3
2
1 Low

**63%**   **81%**

### Value Creation
To what extent do digital leaders know how to create not only commercial, but human and social value from digitization? Here again, only a minority fully agree that they can do this.
25% of the LPO leaders score 5 on value creation, against 36% of HPO peers. And yet, when we broaden our analysis to those who feel very or fully confident, the picture once again brightens for HPO leaders: 81% are completely at ease, vs. 63% of LPO leaders.

**SCORING**
5 High
4
3
2
1 Low

**80%**   **95%**

### Transformation
Regarding their personal ability to drive digital transformation, around half of leaders in both groups fully agree that they are confident.
Looking once again at scores 4-5 (very or fully confident), a gap opens up between the LPO and HPO leaders. 80% of LPOs assign this score, vs. 95% of HPOs.

## STRATEGY

### Setting the Digital Roadmap

We found a difference of at least 15% in the scores of the two groups in each of the five areas set out on the previous page. The sixth item in the STRATEGY domain, **Innovation**, addresses the creative mindset of digital leaders. Here we find little significant difference in scores. Around 90% of digital leaders in the two groups see themselves as innovative and creative, with around half <u>fully</u> agreeing that they are.

**SCORING**

| | |
|---|---|
| **5** | High |
| **4** | |
| **3** | |
| **2** | |
| **1** | Low |

"

It's about a clear strategy with project delivery, a concrete time plan and roadmap.

"

Digitization should be embedded into normal business operations and development, not so much as a separate process or agenda.
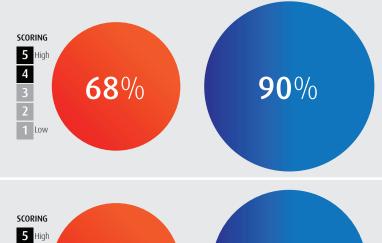
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# 2
## ORGANIZATION

Engineering the Digital Ecosystem

— Organizational design
— Business modelling
— Design thinking
— Business focus
— Global impact
— Risk management
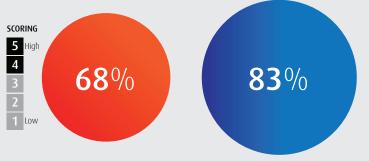
HPO leaders are more confident in all six areas in this dimension. In particular, they clearly have a wider, more globalized outlook and are better at building high performing organizations by connecting digitization to the needs of the business.

**SCORING**

5 High
4
3
2
1 Low

**68%**

**90%**

### Design Thinking
Attractive, user-friendly and feedback-responsive digital platforms are another key to building impact and engagement. Just over 30% of digital leaders in both groups feel fully confident in their ability to do this (scoring a 5).
Taking a wider look at scores 4-5, however, the difference between the two groups widens: 68% of LPO respondents feel very or fully confident about their 'design thinking', vs. a high-flying 90% of HPO respondents.

**SCORING**

5 High
4
3
2
1 Low

**68%**

**83%**

### Business Focus
Digitization only gains traction when it is integrated in an organization's business processes and objectives. Only around 30% of digital leaders in either group are fully confident in their ability.
However when we examine scores 4-5, (*high or full* confidence), the HPOs score far higher: 68% in the LPOs are at ease in this area, vs. 83% in the HPOs.

**SCORING**

5 High
4
3
2
1 Low

**19%**

**35%**

### Global Impact
Most digital leaders are very or fully confident about their ability to anticipate and manage the global impact of digitization on their organization.
64% in the LPOs and 76% in the HPOs score themselves a 4 or 5 on this indicator. When it comes to *complete* confidence, however, the differences are more striking: 19% of LPO leaders have no doubt about their competence, scoring a 5. In contrast, almost twice as many the HPO equivalents feel this comfortable (35%).

In each of the above three areas of ORGANIZATION we found a difference in the data of minimum 15% in the confidence scores of the two groups. In each of the remaining three competency areas, LPO leaders are still less confident than HPO equivalents, (even if the HPO edge narrows). 81% of LPO leaders are confident in **organization design** vs. 88% of HPO equivalents. 73% vs. 81% feel comfortable designing digital **business models.** When it comes to installing processes for anticipating and managing digital **risk**, 64% vs. 76% are at ease safeguarding against human or system failures, data security, consumer uptake, and reputational issues.
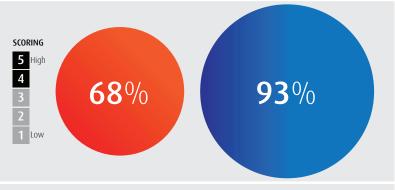
**SCORING**

5 High
4
3
2
1 Low

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# 3
## CULTURE

Creating the Digital Mindset and Skillset

- — Growth mindset
- — Agility
- — Talent management
- — Internal collaboration
- — External orientation
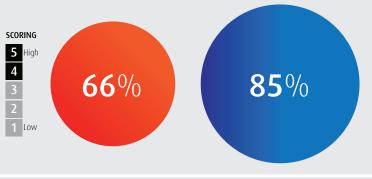- — Wise decision-making

Confidence is more widespread in the HPOs in all six competency areas. In particular, we see more cases of a forward-looking, 'growth' and adaptive mindset and an ability to cultivate wise decision-making. The HPO population is also much better at talent management.

**SCORING**
5 High
4
3
2
1 Low

**68%**  **93%**

### Growth Mindset
Practicing and encouraging a growth mindset is about leading the organization to new opportunities and challenging goals. HPO leaders are considerably more confident than their LPO peers.
31% of LPO leaders score a full 5 on 'growth mindset' versus 48% of HPO leaders. When we compare the two groups on scores 4-5 (*high* or *full* confidence), the gap widens further: 68% of LPO digital leaders feel this way, vs. 93% of HPO equivalents.
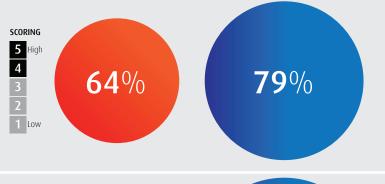
**SCORING**
5 High
4
3
2
1 Low

**66%**  **85%**

### Agility
How confident do digital leaders feel about their ability to cultivate a willingness to experiment, flex and change to fast-changing environments? Only a minority in either group feel fully confident in this area, even if a higher proportion of the HPO group do.
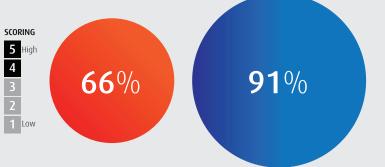However, looking at scores 4-5 reveals a more significant difference: 66% of LPO leaders feel *very* or *fully* confident vs. 85% of HPO equivalents.

**SCORING**
5 High
4
3
2
1 Low

**64%**  **79%**

### Talent Management
How confident do digital leaders feel about their ability to ensure the necessary digital skills are learned and developed within the organization?
HPO leaders have the edge in this area too: if 64% of LPO equivalents feel *very* or *fully* confident 79% of HPO leaders do.

**SCORING**
5 High
4
3
2
1 Low

**66%**  **91%**

### Wise Decision-Making
Wise digital decision-makers take an ethical, responsible and sustainable approach. The majority of leaders in both groups feel confident in this, and still, HPO leaders are way ahead in the moral excellence game.
66% of LPO leaders feel *highly* or *fully* confident about their ability to make wise decisions. In contrast, an outstanding 91% of HPO leaders report this. And when we look at *full* confidence, the differences are also striking: 27% of LPO leaders, vs. 41% of HPO leaders.

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## CULTURE

## Creating the Digital Mindset and Skillset

On the previous page we highlighted the four competency areas in which the data reveals at least a 15% difference between the confidence scores of the two groups. How about the other two CULTURE competencies? HPO leaders generally score better than LPO counterparts when it comes to **Internal Collaboration**: 76% of LPO leaders are confident about fostering collaboration and exchange across internal 'silos' and departments, vs. 86% of HPO leaders. Regarding **External Orientation**: 80% vs. 88% are confident about encouraging an outward looking mindset, ensuring the organization is up-to-date on digital trends.

**SCORING**

| | |
|---|---|
| **5** | High |
| **4** | |
| **3** | |
| **2** | |
| **1** | Low |

"

Cultivate within the organization the approach "think big", "start small" and learn.

"

Digitization is key, but integration with insight from data (mixture of internal and external) for the purposes of decision making of both our businesses and customers is going to be a key theme we are locking in on within this next 3 year timeframe.
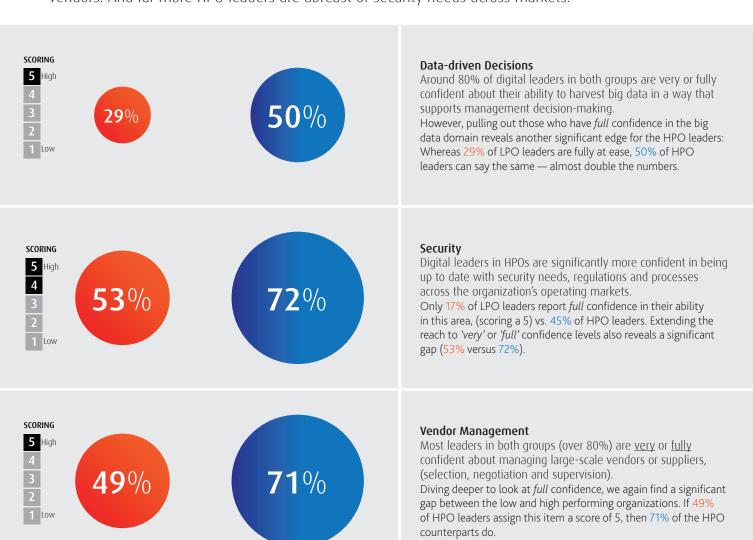
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# 4
## SKILLS

Possessing Technical Competencies

— Digital DNA
— Cloud concepts
— Data-driven decisions
— IT architecture
— Security
— Vendor management

HPO leaders are more confident in all six areas. The differences are especially striking when it comes to managing wide spectrum domains: big data, and large scale vendors. And far more HPO leaders are abreast of security needs across markets.
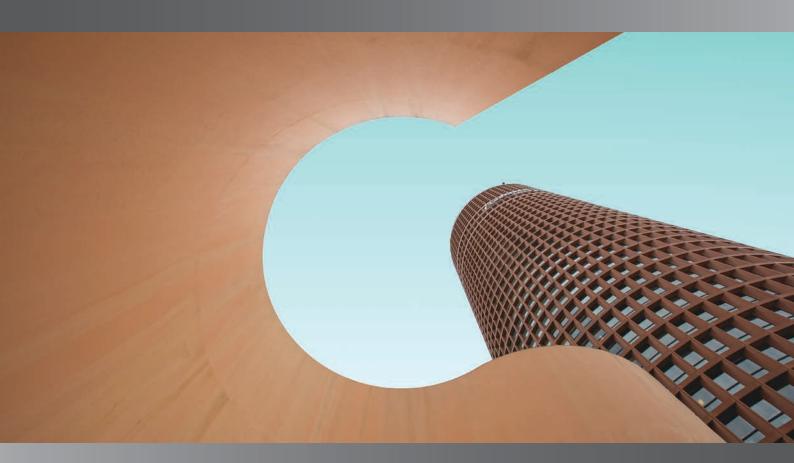
**SCORING**
5 High
4
3
2
1 Low

29%

50%

### Data-driven Decisions
Around 80% of digital leaders in both groups are very or fully confident about their ability to harvest big data in a way that supports management decision-making.
However, pulling out those who have *full* confidence in the big data domain reveals another significant edge for the HPO leaders: Whereas 29% of LPO leaders are fully at ease, 50% of HPO leaders can say the same — almost double the numbers.

**SCORING**
5 High
4
3
2
1 Low

53%

72%

### Security
Digital leaders in HPOs are significantly more confident in being up to date with security needs, regulations and processes across the organization's operating markets.
Only 17% of LPO leaders report *full* confidence in their ability in this area, (scoring a 5) vs. 45% of HPO leaders. Extending the reach to *'very'* or *'full'* confidence levels also reveals a significant gap (53% versus 72%).

**SCORING**
5 High
4
3
2
1 Low

49%

71%

### Vendor Management
Most leaders in both groups (over 80%) are very or fully confident about managing large-scale vendors or suppliers, (selection, negotiation and supervision).
Diving deeper to look at *full* confidence, we again find a significant gap between the low and high performing organizations. If 49% of HPO leaders assign this item a score of 5, then 71% of the HPO counterparts do.

Here we highlight the competency areas in which we find at least a 15% difference between the confidence scores of the two groups. What of the other three areas in the SKILLS domain? LPO leaders are rather less confident that they have **'digital DNA'** in that 71% of this group vs 78% of their HPO peers say digitization is a core competence and 'sweet spot' for them. 80% vs. 85% have a clear and up-to-date understanding of **cloud concepts** and applications. And 78% vs. 83% are confident about overseeing the design of **IT architecture**.

**SCORING**
5 High
4
3
2
1 Low

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# Part 2
# The Organizational Context

In what areas are
High Performing Organizations better
supporting digital performance?
What can be done even better?

We look at four facets: **organizational set-up, board attitudes, board support** of
digital leaders, and **role design**). In the organizational context, we find fewer significant
differences between the two groups, than in the digital competency domain.

HPO leaders are more competent strategists, in strategically coherent organizations.

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# A Work in Progress?

"

**No executive role** for a Digital Representative. No proper **understanding** from other executives of digital or digital **transformation**. Main focus is on **current** results and after that on "**experimenting**" with new technologies/digital initiatives, digital education for the customers. A lack of proper understanding of digital from the majority of **employees**.

"

A lack of proper **CAPEX** allocated to digitization projects.

"

It's a problem accepting that digitization is not building the new platform but the **new business model** that will drive **changes** (in processes, organization and existing platforms as well).

"
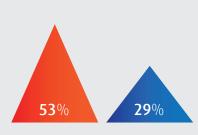
**Resources problems** due to savings activities are not helping in pushing the company **forward**.

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# 1
## THE ORGANIZATIONAL SET-UP

HPO leaders are operating in a more strategically cohesive environment than LPO equivalents. They also face fewer questions about digital ROI. However, slightly more are dealing with stakeholder impatience than their LPO peers. And in both HPO and LPO organizations, leaders report clear avenues for improvement in <u>all</u> areas.

**SCORING**
5 High
4
3
2
1 Low

## TOP ROADBLOCKS*

**53%** **29%**
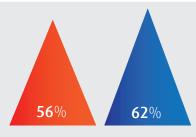
### ROI Questions
Cynicism surrounding the ROI of digitization is far less of a problem for the HPOs than the LPOs. Still, a significant minority of HPO leaders also face questions.

**58%** **36%**

### Strategic Differences
A lack of shared strategy is an issue for around a third of HPO leaders. However it is a problem for more than half of the LPO leaders.
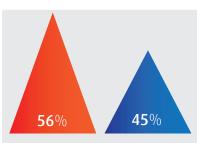
## OTHER BLOCKAGES*

**56%** **62%**
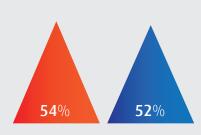
### Digital Impatience
Leaders in both groups face a general lack of patience when it comes to digital initiatives. Slightly more HPO leaders struggle with this problem.

**56%** **45%**

### Low Momentum
LPO and HPO leaders alike report insufficient dynamism and speed to decide and deliver on opportunities. 10% of HPO leaders say this is *very* problematic, (scoring a 5) 27% of LPO leaders do.

**54%** **52%**
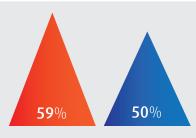
### Short Termism
Around half of leaders in both groups report a focus on current revenues and margins rather than future benefits.

**37%** **28%**
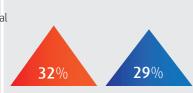
### Costly Lifecycles
Both groups agree that digital initiatives have a short shelf life, and they lack the resources to keep up.

**59%** **50%**

### Disorienting Landscapes
Around half of digital leaders in both groups see their organizational structures as fragmented or over-complex. Around twice as many LPO leaders score a 5 (32% vs. 16%), seeing this as *very* problematic.

**32%** **29%**

### Elusive Stakeholders
A significant minority of leaders in both groups find it difficult to identify and unite the right internal stakeholders.

*The bigger the pyramid, the more leaders report it as a problem.

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# 2
## THREATS

An important minority in both groups are concerned by 4 key threats, citing them as high or extreme. 2 of these, (digital risks and customer frustration) are somewhat less of a common problem for HPOs, however.
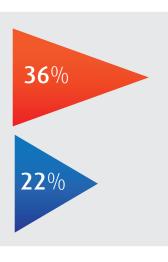
## TOP THREATS*

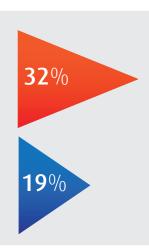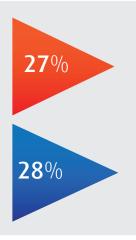**36%**
**22%**

**Digital Risk**
A significant minority in both groups are concerned about a lack of capabilities to anticipate or manage digital risk, for example, (human or system failures, data security or reputational issues). The concern is rather less widespread for the HPOs.

**32%**
**19%**
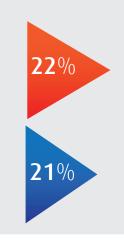
**Customer Frustration**
Current digitization processes and initiatives risk frustrating customers, say an important minority in both groups. Again, fewer HPO leaders cite this as a concern.

**27%**
**28%**

**Data Processing**
Over a quarter of leaders in both groups agree that they are unable to process data in a meaningful way (data overload).

**22%**
**21%**

**Regulatory Hurdles**
A risk of government regulation blocking or delaying digitization progress is an issue for nearly a quarter of digital leaders in both groups.

*The bigger the pyramid, the more leaders report it as a problem.

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# 3
## BOARD ATTITUDES

Digitization is high on the board agendas of both HPO and LPO organizations. However, we see multiple avenues for improvement at board level. Most still lack digital literacy and vision. The (narrow) focus is largely on digitization as a support for operations and the customer interface. Digitization is widely used to exploit the status quo. Deploying it as a driver for innovation and fresh business models is a missing link for around half of organizations.
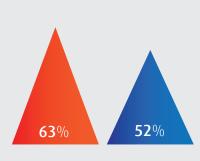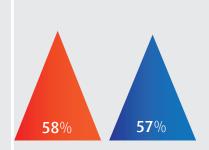
## TOP ROADBLOCKS*

**63%** **52%**
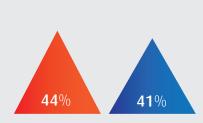
### Board literacy
At least half of the leaders in both groups say their board 'talks the digitization talk', but does not really understand what it means. This is a rather more widespread problem in the LPOs.

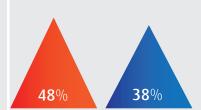**58%** **57%**

### Business Modelling
Over half of the leaders in both groups agree that the board gives insufficient thought as to how digitization could transform the organization's business model.

## OTHER BLOCKAGES*

**44%** **41%**

### Scope
Nearly half of leaders in both groups think their board only sees digitization as something that can support or improve operations.

**48%** **38%**

### Innovation
Significant numbers of leaders in both groups say the board's emphasis is more on exploiting what exists than exploration or innovation. Again, this is a more acute issue in LPOs: 29% of LPO leaders fully agree with this statement, vs. 12% of HPO peers.

**32%** **29%**

### Sales support
Nearly a third of leaders in both groups report that the board's focus is limited to the customer interface.

**19%** **17%**

### Prioritization
Despite these missed opportunities, digitization is high on most board agendas. Few leaders in either group think that it is a low priority for their board.

*The bigger the pyramid, the more leaders report it as a problem.

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# 4
## BOARD RELATIONSHIPS

Both groups reveal opportunities for better board support and the step from vision to action is often missing. Digital leaders certainly get access to their boards, and Board members do listen to their input. However, when it comes to implementation, board support tails off. Indeed, only a minority of digital executives really believe their boards understand their challenges.

**53%** **59%**

### Exposure
Just over half of digital leaders in both groups are satisfied that the board gives them enough opportunities to directly share their input.

**44%** **55%**

### Listening
In both groups, around half of digital leaders also believe that the board actively listens to their input. Board listening is a rather more widespread phenomenon in HPOs.

**39%** **33%**

### Networking
Only around a third of digital leaders in either group say that the board helps them to connect with key stakeholders (internal, external), slightly more in the LPOs.

**20%** **35%**

### Resourcing
Digital leaders in both groups are under-resourced, particularly in the LPOs. Only a third of HPO leaders get what they need from the board to implement the necessary changes. Still fewer few LPO leaders do.

**32%** **33%**

### Support
Only around a third of digital leaders in either group agree that the board generally understands the challenges of their role, and supports them in carrying it out.

**24%** **31%**

### Processing
In both groups, most digital leaders lack board support in putting their input into a process. Only a third of HPO leaders agree their board makes every effort. Only a quarter of LPO leaders say as much.
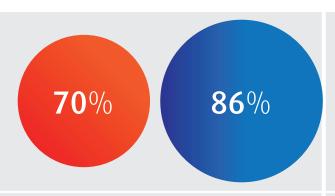
VISION

ACTION

# 5
## ROLE, HIRING AND ONBOARDING

HPOs as well as LPOs are generally creating inspiring and empowering role profiles. However, only around half of leaders are receiving the right onboarding, and mentoring and coaching is a rarity.

## ROLE DESIGN

**70%**  **86%**

### Role Inspiration
The majority of digital leaders in both groups agree that their role profile was inspiring and gave room for proposing strategies and/or ideas. HPOs are significantly better in this respect.
Indeed, 48% of HPO leaders *fully agree* with this, vs. 36% of LPO equivalents.
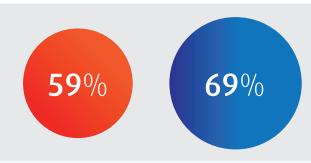
**53%**  **57%**

### Role Clarity
Around half of the digital leaders in both groups say their role profile was clear. Going deeper, 36% of the HPO leaders *fully agree* that this is the case, vs. 20% of their LPO peers.

## JOINING

**59%**  **69%**

### Decision to Join
Rather more HPO leaders than LPO leaders report that the decision to come on board was an easy one to make.

**41%**  **45%**

### Role Competition
Nearly half of leaders in both groups encountered a lot of competition for the role.

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# ONBOARDING, MENTORING AND COACHING

**56%**   **53%**

### Wiring In
In both groups, around half of leaders agree that their onboarding helped them to integrate with key stakeholders.

**41%**   **50%**

### Onboarding Impact
Around half of leaders in both groups agree that their onboarding helped them to 'hit the ground running' and have some quick impact, rather more so in the HPOs.

**37%**   **47%**

### Onboarding Content
Rather more HPO leaders agree their onboarding helped them feel well-informed, than LPO leaders.
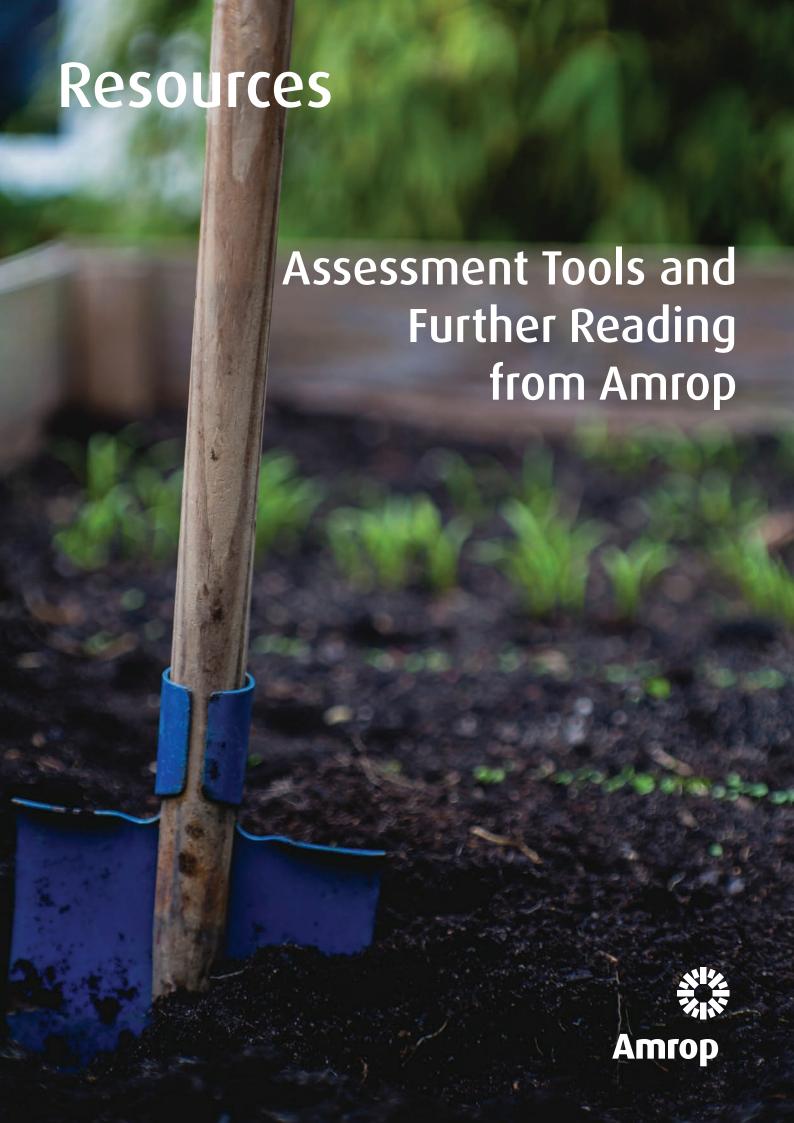
**9%**   **24%**

### Mentoring and Coaching
Mentoring and coaching was offered to only a minority of digital leaders in either group. In the LPOs this support was particularly thin on the ground.
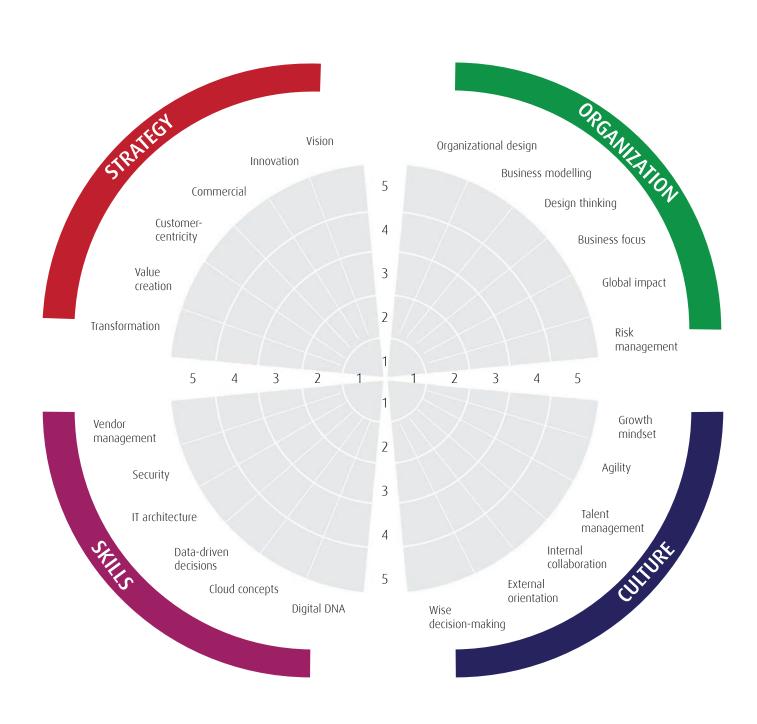
**"**

I think that **boards** are so focused on **direct financial results** and **governance**, that they miss the **opportunities** that digitization offers. Most Board Members come from Finance, Legal or Operations backgrounds and they feel **threatened** by digitization because they don't **understand** it.

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# Resources

# Assessment Tools and Further Reading from Amrop

## ASSESS YOUR COMPETENCIES | THE AMROP DIGITAL COMPETENCY MODEL

How confident are you in your digital competencies? Use our dashboard to plot the status at individual and/or team level on a scale of 1 to 5, where 5 = 'fully confident'. You can also use the model to plot your needs on a scale of 1 to 5, where 5 = 'vital'. The exercise will give you an explicit framework for development and hiring.



STRATEGY

ORGANIZATION

SKILLS

CULTURE

Vision
Innovation
Commercial
Customer-centricity
Value creation
Transformation

Organizational design
Business modelling
Design thinking
Business focus
Global impact
Risk management

Vendor management
Security
IT architecture
Data-driven decisions
Cloud concepts
Digital DNA

Growth mindset
Agility
Talent management
Internal collaboration
External orientation
Wise decision-making

5
4
3
2
1

5  4  3  2  1     1  2  3  4  5

1
2
3
4
5

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## ASSESS YOUR ORGANIZATIONAL CONTEXT

How well is your organization configured for growth via digitization? Here is our diagnostic guide.

### When it comes to taking your organization forward digitally, how big a problem are the following?
*Answers from 1-5 where 1 = not at all problematic and 5 = very problematic.*

Organizational structures are fragmented and/or over-complex __
Digital ROI is considered too low, or questionable __
Digital initiatives have a short shelf life and we lack the resources to keep up __
There is insufficient dynamism and speed to decide and deliver on digital opportunities __
There is a general lack of realism or patience when it comes to digital initiatives __
There is no shared digitization strategy __
The focus is more on current revenues and margins, than on future benefits __
We have difficulty identifying and uniting the right internal stakeholders __
Other _____

### To what extent are the following factors threats to your organization?
*Answers from 1-5 where 1 = not at all a threat and 5 = an extreme threat.*

We lack capabilities to anticipate or manage digital risk (human or system failures, data security, reputational issues) __
Our current digitization processes and initiatives risk frustrating our customers __
We are unable to process data in a meaningful way (data overload) __
Government regulation is blocking or delaying our digitization progress __
Other _____

### Regarding your board's attitude to digitization to what extent do you agree with the following statements?
*Answers from 1-5 where 1 = fully disagree and 5 = fully agree.*

Digitization is a low priority for our board ___
The board 'talks the digitization talk' but does not really understand what it means __
The board only sees digitization as something that can support or improve operations __
The board's focus is limited to the customer interface __
The board's emphasis is more on exploiting what exists, than on exploring or innovating __
The board gives insufficient thought as to how digitization could transform our business model __
Other _____

### Thinking about the role configuration of your CIO (or equivalent) to what extent do you agree?
*Answers from 1-5 where 1 = fully disagree and 5 = fully agree.*

The role profile was clear __
The role profile was inspiring and gave room for proposing strategies and/or ideas __
There was a lot of competition for the role __
The decision to join the organization was easy for the new hire __
His/her onboarding helped him/her to feel well-informed __
His/her onboarding helped him/her to integrate with key stakeholders __
His/her onboarding helped him/her to 'hit the ground running', have some quick impact __
The new hire was assigned a senior mentor or coach during onboarding __
Other _____

### As a board, how would you describe your interaction with your CIO (or equivalent)?
*Answers from 1-5 where 1 = fully disagree and 5 = fully agree.*

The board gives him/her enough opportunities to share input directly with them __
The board actively listens to the input __
The board makes every effort to ensure that the input is put into a process __
The board gives the CIO sufficient resources to implement the necessary changes __
The board helps the CIO to connect with key stakeholders (internal, external) __
The board generally understands the challenges of the role, and supports the CIO in carrying it out __
Other _____

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**DIGITIZATION ON BOARDS**

**What Really Counts in Digital Leadership? A New Model for Digital Competencies**

1.  Strategy
2.  Organization
3.  Culture
4.  Skills

**Digitization on Boards | 3rd Edition**

The View From the Frontlines

**WISE LEADERSHIP AND AI**

New Intelligence Needs New Leadership
Can We Trust AI to Tame Complexity?
Behind the Scenes of the Machines
Making Friends with the Machines
China and the US — the AI Race

## Further Reading

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## CREDITS

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## About Amrop

With over 60 offices in all world regions, Amrop is a trusted advisor in Executive Search, Leadership and Board Advisory. 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.

**www.amrop.com/**industry/global-digital-practice

## About the Amrop Digital Practice

Amrop's global Digital Practice combines deep sectoral knowledge with local market expertise, backed by global resources and integrated cross border key account management. We have long term partnerships with our clients on the digital transformation journey. Not only in delivering critical assets — the Leaders For What's Next – but in digital competency assessment for boards and management teams, implementing succession planning and talent management solutions.

— AI/Machine Learning & Big Data Analytics
— Chief Digital Officers (CDO), Chief Information Officers (CIO) and Digital NEDs
— Cyber Information Security Officers (CISO)
— E-Commerce, Sales Executives
— Scale-up, Venture Capital
— Media & Entertainment
— Fintech
— Telecom

## Looking for Advice?

To set up a call, request a proposal for executive search, leadership and board services, or to arrange an assessment, please email us at digital.practice@amrop.com**.**

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