

Scaling Digital Leadership — Keep the Momentum Going

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Digital transformation has been the CIO mandate for years. It requires sustained effort. In this research collection, we explore the dimensions of leadership that will help you scale — personally and as an organization — in order to produce a sustained return on technology investment.

Opportunities and Challenges

- 2019 may be a challenging year for digital business efforts. Enterprises are sharpening their internal investment posture in the face of economic uncertainty.
- CEOs expect to change business models to accomplish their growth objectives.
- Cultural barriers persist, making true digital transformation difficult for most enterprises.
- Many enterprises are still unclear on the value of digital efforts.
- Most enterprises have a deficit of board directors and executive leaders with the mindset and behaviors demanded by the new digital business marketplace.
- Competition and partnerships cross industry boundaries.

What You Need to Know

- Boards and CEOs need the CIO to be an educator and a guide.
- CIOs have a key role to play in the creation of new business models infused with information and technology. These new business models are fundamental to scaling digital business.
- CIOs have an opportunity to actively influence the culture of the organization through their own leadership qualities, through the creation of high-performing teams and in their relationships with peer executives.
- If investment in digital business tightens under the shadow of economic uncertainty, CIOs must become expert at measuring and communicating the value of IT while scaling their innovations into industrial-grade capabilities.

- Because emerging technology is now embedded throughout the enterprise, CIOs must scan for opportunities and guide implementation throughout their enterprises.
- Enterprises must look broadly across industries for transformation ideas. As industry boundaries blur, new value propositions appear.

Insight From the Analyst

Scaling Digital Leadership for ContinuousNext



[Chris Howard](#), Distinguished VP Analyst

In 2019, CIOs will see the use of digitalized products and services drive new forms of growth. New sources of revenue, business value, and opportunities to engage with customers and citizens require you to lead your organization to the next level.

Even in a world that is constantly changing, you can prepare your organization to proactively deliver what's next — continuously. You are leading your enterprise through culture change and digital innovation while shifting to a product delivery structure. In this research collection, we explore the dimensions of leadership that will help you scale, personally and as an organization, in order to produce sustained return on technology investment.

Executive Overview

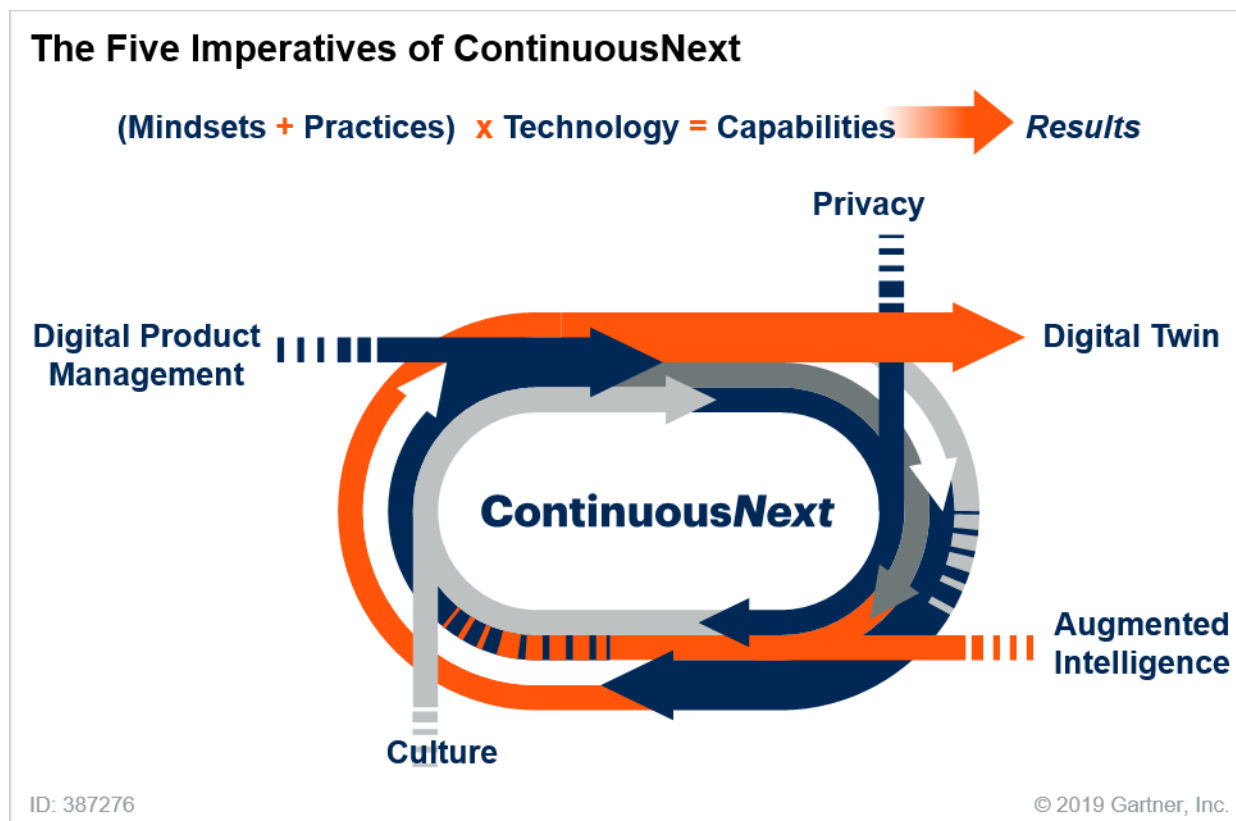
Definition

As CIO, your job is to deliver. That job is either complicated or enhanced by emerging technologies, change management approaches, executive commitment, and your own personal leadership capabilities. Fortunately, you have been building up momentum in the past few years — experimenting, investing and restructuring your teams. In the cycle of transformation and optimization, investment and return, you will need to leverage techniques to maintain that momentum. This is especially true if economic and geopolitical uncertainty become more acute in the 2019 through 2020 time frame. Gartner's ContinuousNext formula serves as a guide to those techniques (see Figure 1).

ContinuousNext is a formula for success in a world that is constantly changing. CIOs can prepare their organizations by

focusing on five imperatives: augmented intelligence, privacy, culture, digital product management and digital twins.

Figure 1. ContinuousNext Formula



Source: Gartner (March 2019)

In the ContinuousNext formula, mindsets and practices combine to form culture. Mindsets, the heuristics of the organization, are rooted in a combination of past success and habit and often cause a drag on forward motion of the business. Practices are how you work together — how you interact, communicate and assign responsibility. Technology is an amplifier of culture. It shifts the flow and value of information and requires new forms of human-computer interaction. Culture and technology create new organizational, business and technical capabilities and, ultimately, results.

Fortunately, most boards and CEOs expect you, the CIO, to do this work and to influence the business model as a result. You have a direct line to the creation of new business value, whether that be growth (private sector) or greatly optimized and cost-efficient services (public sector). One of your new jobs is to serve as your leadership team's technology guide, continually working to educate your CEO and board on the potential of digital business techniques to reach your shared

goals with greatest effect. This responsibility is also an opportunity to enhance your personal career aspirations.

To scale your leadership, you must do the work of creating high-powered teams that have clear mandates and appropriate skills. You need to communicate constantly about the value these teams produce and the capabilities they are generating for the enterprise. You and your team should be scanning the horizon of emerging technology, trends, and future scenarios as a source of invention and inspiration. Some new technologies — like AI — will be essential to scale.

As you scan the future horizon, pay attention to what is happening across all industries. Some of the best ideas come from the adjacent possible. Open your strategic aperture beyond your traditional partners and competitors; broaden your ecosystem. Exponential value can often be created only by breaking apart your current state and reconstituting it as a set of interconnected value propositions.

ContinuousNext focuses on a set of concrete techniques and initiatives that you can control. It will help you scale your leadership.

Research Highlights

Perspectives for the CEO and Board

Enterprises succeed when employees do the right thing, and they learn the right things to do from their leaders. Digital business demands thinking and behaviors that fundamentally differ from those cultivated in the industrial-era organizations most of us are familiar with. An industrial-era leader cannot simply order employees to exploit new digital business opportunities, or act in a digital manner and expect results. The only way leaders can create such profound change in their organizations is by modeling new behaviors themselves.

The supervisory board of directors will have to ensure that leadership adopts digital dexterity practices. That is the desire and the ability to use technology to drive business outcomes. The enterprise will not succeed in digital business otherwise. Unfortunately, most enterprises have a deficit of board directors and executive leaders with the mindset and behaviors demanded by the new digital business marketplace.

Related Research

“Boards Should Appoint Top-Flight CIOs and CTOs as Nonexecutive Directors”

“What the Board Needs to Know About Digital Business”

“CIOs Must Ensure CFOs Account for the Value of Digital Business”

“The CIO’s Guide to Strategic Engagement”

“Leadership Mindset and Behavior Shifts in Digital Business: What the Board Needs to Know”

“How to Have an Engaging Conversation With Your CEO”

“Artificial Intelligence in Digital Business: What the Board Needs to Know”

“Structural Transition Paths in Digital Business: What the Board Needs to Know”

“Business Model Design in Digital Business: What the Board Needs to Know”

“Blockchain in Digital Business: What the Board Needs to Know”

“Driving Cost Optimization Across the Enterprise: An Executive Perspective”

Scaling Digital Business

Many enterprises know the right technology and operational things to do to succeed in digital business. Enterprises struggle to do these things because they retain conventional organizations, practices and mindsets that are no longer suited for the 21st-century digital business environment. To close the gap, leaders must emerge to show people what is possible and how to behave in a digital world. CIOs can make a major contribution to digital business transformation across their enterprises by stepping up to demonstrate, amplify and guide the right behaviors.

Most CIOs understand the dynamics of digital business better than their fellow executives, so CIOs should rally enterprise leaders to accelerate digital business transformation efforts. The CIO must help close the reality gap between the enterprises’ digital business ambitions — what boards and executive teams are expecting from digital business transformation — and what they have accomplished.

Related Research

“The Five Conversations CIOs Must Have to Get Digital Business Transformation Going”

“Survey Analysis: CIOs Must Engage in Culture Change for Digital Business Success”

“Scaling Digital Business Requires the Continuous Delivery of Incremental Value”

“The Three Steps Every CIO Should Take to Create New Digital Businesses, Products or Services”

“Creating Strategy at the Speed of Digital Business”

“Selling Digital Transformation: A CIO’s Guide to Crafting Better Stories”

“Digital Business Transformation: A CIO Perspective”

Leadership, Talent and Culture

Digital business requires executives to recognize the value that technology brings, as well as their dependency on the skills and expertise required to leverage not only the technology, but also data and information. Successful organizations focus on developing a high-performing workforce.

Leadership development, talent management and culture have risen to be top priorities for boards and executives, with diversity and inclusion becoming key success factors across all of these dimensions. CIOs must continue to mature their leadership skills and focus on developing leadership competencies across their management teams, in order to guide and inspire their workforces. Identifying talent and building a strong, high-performing work environment is essential for digital business growth. In a competitive skills market with highly mobile workers, culture and the workplace environment are critical assets for attracting and retaining valuable expertise. Diversity and inclusion become characteristics of the workplace culture that contribute to worker satisfaction and, more importantly, to high performance.

Related Research

“Three Actions for New CIOs to Build Solid Rapport With C-Level During Their First 100 Days”

“Master Saying ‘No’ at Scale for CIOs”

“CIOs Influence and Shape Workplace Culture Using Values, Language and Rewards”

“Change Leadership Research Index”

“CIOs, Here’s How to Act Like a Digital Business Leader”

“Organizing for Innovation: Maturing From Accidental to Intentional Innovation”

“Use Culture Hacking to Foster a Growth Mindset and Accelerate Digital Transformation”

“The Art of Culture Hacking”

“A Growth Mindset Can Help CIOs Reboot Leadership and Culture for the Digital Era”

Measuring and Communicating Value

Since the start of the digital age, many IT functions have helped drive significant strategic value and helped create new ways to improve profits, create new revenue opportunities, or improve the delivery of services across the public sector. Yet many IT organizations are still bound to the same cost restrictions as other back-office functions. The digital age has provided management with an opportunity to break these traditional models and apply progressive thinking.

To truly prove the business value of IT (BVIT), CIOs must be able to demonstrate this value through improvement in business performance metrics and rightly earn the place to move out from being a cost center to being a strategic contributor. BVIT is being felt but not measured in most organizations. In the absence of measurement, CIOs will continue to be saddled with full responsibility for BVIT, and they will see their funding restricted and their involvement in strategic business decisions limited.

Related Research

“The 2019 CIO Agenda: Securing a New Foundation for Digital Business”

“The CIO’s Guide to Powerful Strategic Contribution”

“CIOs Should Measure the Business on How Well They Apply Information Technology”

“CIOs Must Demonstrate the Business Value of IT to Broaden IT’s Role in the Business”

“Successful Innovation Begins With the Business Strategy: Use Business Objectives and Goals to Start Your Innovation Journey”

“CIOs Must Adopt Venture-Scaling Business Practices When Digital Giants Loom”

“Why Digital CIOs Need a Strategic I&T Roadmap”

“CIOs Must Implement a Risk-Based Approach to Improve Business Outcomes”

“Depoliticize IT Investments With a CIO Decision Framework”

Trends, Predictions, Futures

Companies are deluged continuously by new technologies and business models or new ways to apply them. This notion of continuous change is one of deep potential, loaded with possibility for businesses that aspire to compete. Gartner calls this the era of “ContinuousNext,” an environment marked by perpetual renewal, swift delivery and interaction, where CIOs apply three leadership principles — shape, shift and share — to consistently benefit from consistent, unending change.

Because technology is now embedded throughout the enterprise, CIOs can guide and propel the future of their enterprises. Their ability to impact the very basis of value creation and citizen engagement has never been greater. There will always be a next opportunity — another technology, a new disruption. If the CIO is committed to the imperatives, mindsets and practices of ContinuousNext, the organization can make success a certainty when facing certain change

Related Research

“CIO New Year’s Resolutions, 2019”

“2019 CIO Survey: CIOs Have Awoken to the Importance of AI”

“Predicts 2019: Leadership Means Expanding Options, Not Limiting Them — A Gartner Trend Insight Report”

“Predicts 2019: A Dynamic Culture Will Accelerate Digital Transformation”

“The Future of Work and Talent: Culture, Diversity, Technology”

“A Framework for Applying AI in the Enterprise”

“The Top 10 Myths About Digital Disruption”

“The CIO’s Guide to Digital Ethics: Leading Your Enterprise in a Digital Society”

“Introducing Digital Connectivism: A New Philosophy for the Digital Society”

Industry Insights for CIOs

Industries have been transformed and disrupted by multiple factors: societal, political, economic and technological advances. These factors impact every aspect of consumers' lives, but also determine whether enterprises thrive or die. Entities adhering strictly to past and parochial industry business models face the potential of significant disruption. Survival in the digital future will depend on an enterprise's ability to anticipate how other industry models, products and services will impact its value delivery. This makes growth much more challenging and places an even greater premium on innovation. Both Gartner CEO and CIO global research report on the importance of digitally driven growth and business model transformation. Creating and participating in emerging ecosystems will become critical. The best-in-class companies will emerge with models on how they make money. These models will be very different than the way that they currently deliver value.

Succeeding in any industry requires greater peripheral vision, faster reaction time and more creative thinking than ever before. To effectively face a rapidly changing, increasingly digital and fluid environment, organizations need to think differently and more broadly. Moving forward, enterprises should expect challenges from entities they don't normally pay attention to and look for opportunities across industry borders.

CIOs and their teams should be central to how their companies deal with this evolution and transformation. Technology and information will both drive the disruption and provide the mechanism to survive and thrive in a more chaotic environment. The answers will increasingly come from outside a company's traditional sphere of influence. Developing better peripheral vision, innovation dexterity and agile processes, as well as the ability to scale/harvest those innovations, will be crucial ingredients for digital business success.

Related Research

“2019 CIO Agenda: Industry Insights Overview”

“2019 CIO Agenda: Cross-Industry Insights”

“Spark Transformative Innovation Using Cross-Industry Thinking”

“CIOs Must Prepare for Cross-Industry Digital Twins”

“Why Insurance CIOs Need a Digital Business Platform Roadmap”

“Bank CIOs: How to Create and Apply a Digital Business Technology Roadmap”

“Use Banking Industry Scenarios to Generate New Value in the Digital Platform Age”

“Banking Industry Scenarios in 2030 — The Industrialist Bank: A Power Utility Model”

“Insurance 2030 Scenarios Update: CIOs Need Greater Adaptability to Survive and Thrive in an Era of Ongoing Industry Transformation”

“CIOs Use These Best Practices for Driving Business Cost Optimization Across the Insurance Enterprise”

Key Initiatives for Continuous Insight

All of your initiatives are important, but some are mission-critical. Key Initiatives organize the vast Gartner resources around the projects and programs at the top of your list, helping you achieve demonstrable business results efficiently and cost-effectively. Key Initiatives represent how we deliver the ongoing insight throughout the year to help you tackle your top priorities. Be sure to track all Key Initiatives related to your top priorities. Start with the Key Initiative research outlined here.

“CIO Role Evolution Primer for 2019” — In the digital era, CIOs must increase their contribution to business success by executing as business executives. This agenda explores emerging roles CIOs must embrace, develop and deliver, and how distribution of information and technology leadership capabilities will shift over time.

“CIO Innovation and Strategic Business Change Leadership Primer for 2019” — With digital technologies accelerating the speed of business change, enterprises need a new approach to strategy, one that integrates business models, information and technology, design thinking, and disruptive innovation. This research agenda is designed to help CIOs in that effort.

“Digital Disruption and Innovation Primer for 2019” — A stream of innovation in technology and digital business models continues to disrupt markets and challenge established incumbents. As digital business continues to grow, CIOs will need to increase their ability to recognize, prioritize and respond to digital disruption with new business models.

“Cross-Industry Innovation and Disruption Primer for 2019” — A stream of innovation in technology and digital business models continues to disrupt markets and challenge established incumbents. As digital business continues to grow, CIOs will need to increase their ability to recognize, prioritize and respond to digital disruption with new business models.

“IT Cost Optimization Primer for 2019” — Cost optimization continues to be a critical ongoing discipline for many CIOs. Successful organizations focus on achieving a balance between reducing IT costs and investing in technology that will reduce business cost.

“Digital Economics and Performance Measures Primer for 2019” — Organizations often resist changing their current business models. Instead, they try to optimize them by using digital — without considering the benefits of transforming to a new business model. Evaluating new, alternative digital business models could help make a better case for innovation.

“CIO Excellence in I&T Operating Model Design and Strategy Execution Primer for 2019” — Scaling digital business requires CIO leadership to overhaul the I&T operating model and governance framework to propel the enterprise to achieve its strategic objectives. Our research accelerates the design and transformation plan based on the enterprise’s current state and its digital ambition.

“CIO Leadership, Culture and People Primer for 2019” — Research surveys indicate that culture and talent are high priorities for C-level executives, who view them as either barriers or enablers for digital business. Growing and developing strong leadership abilities are key to tapping into workforce potential and creating a dynamic, inclusive culture.

“IT Finance, Risk and Value Primer for 2019” — To demonstrate the business value of IT, CIOs must maintain an optimal balance among cost, risk and value. Often, CIOs are tasked with reducing costs without much consideration for the impact on risk and value. Effective IT financial management ensures that CIOs balance all three elements.

“Building and Expanding a Digital Business Primer for 2019” — Whether deploying digital technologies to improve workflows or to transform the entire business model, organizations must respond to the challenges of digital business. This research will explore how organizational functions shape and enable digital business transformation.

Other important initiatives for CIOs:

“Artificial Intelligence Primer for 2019” — Organizations now employ artificial intelligence in data-rich aspects of their operations. Based on the 2019 Gartner CIO Survey, 14% of organizations employ AI and nearly 50% intend to do so in 2020. CIOs should shift to operational use of this technology in 2019.

“Leading the Next-Generation Workforce: An Executive Perspective” — Many environmental forces are changing the composition, activities and needs of organizations’ workforces. Gartner’s research on leading the next-generation workforce provides guidance and tools to help leaders across the enterprise prepare for and manage the future workforce successfully.

“Driving Digital Business Transformation for Industry Leadership: An Executive Perspective” — Whether deploying digital technologies to improve workflows or to transform the entire business model, organizations must respond to the challenges of digital business. This research will explore how organizational functions shape and enable digital business transformation.

Related Priorities

Table 1. Related Priorities

| Priority | Focus |
|---|--|
| Portfolio and Resource Management for Products and Projects | This initiative addresses practices, tools and skills required to maximize the value of the portfolio and the potential of available resources to meet today's business needs. |
| Technology Innovation | Enterprise architecture will increasingly provide the "strategic spear" organizations use to understand and implement their strategies as they explore and invest in digital business transformation. |
| IT Services and Solutions Strategy and Selection | The development and execution of dynamic category strategy for IT services and solutions is critical to achieving cost optimization, efficiency, agility and digital enablement. |
| CIO Leadership, Culture and People | CIOs are transforming the enterprise and IT organization by developing new leadership skills with their teams, building a diverse workforce and shaping a culture that is adaptable and inclusive. |
| CIO Excellence in I&T Operating Model Design and Strategy Execution | Enterprise focus on digital transformation increased markedly this past year. CIOs must lay the digital foundation and transform the I&T operating model to enable strategic execution at digital speed. |
| Analytics and BI Solutions | Analytics and business intelligence (BI) solutions entail systematic, sustained action to plan, select, deploy and manage analytics technologies that will deliver business outcomes and business value. |
| Digital Workplace Program | A digital workplace program is a business strategy to boost workforce digital dexterity through an engaging and intuitive work environment. |
| Digital Economics and Performance Measures | Digital economics and performance measures enable use of metrics to communicate the effects of changing to alternative business models, as well as to demonstrate how IT impacts business performance. |

Source: Gartner

Related Resources

Annual Executive Retreats for CIOs — New Models for Digital Delivery: Fostering Autonomy and Accountability in Multidisciplinary Digital Teams

Gartner annual executive retreats equip CIOs to optimize their performance and the performance of their teams and businesses. These research-based peer meetings focus on your most important business challenges for the year, and combine practitioner discussions with our research into what the best companies do. Attendees gain new approaches and learn from real-world examples how IT and business executives are leading their organizations into the future.

[View the 2019 CIO Annual Executive Retreat dates and locations.](#)

Note: Annual Executive Retreats are available once per contract year and are exclusively available to Executive Programs Team Plus Leaders and Partners as well as EITL Team Plus Leaders. The Annual Executive Retreat for CIOs is designed specifically for Executive Programs Team Plus Leaders in a CIO role. If you are focused on another functional area, we have other Annual Executive Retreats that might be of greater value to you, including Retreats for leaders focused on Applications, Enterprise Architecture, Information Risk, Infrastructure, PMO, and Heads of the Office of the CIO. Please contact your Gartner representative or service delivery associate for more information.

Webinars

Get actionable advice in 60 minutes from the world's most respected experts. Keep pace with the latest issues that impact business.

[“The 2019 CIO Agenda: Secure a New Foundation for Digital Business”](#)

[“5 Situational Leadership Types for Digital Teams”](#)

[“5 Starting Points for Culture Change”](#)

[“The Art of Culture Hacking”](#)

[“How to Respond to the Board's Technology Questions”](#)

[“Preparing the Board for Digital Business Initiatives”](#)

[“The Future of Work and Talent: Culture, Diversity, Technology”](#)

[“Strategy and the CIO: Contribute to Digital Business Success”](#)

[“Top Recommendations to Design an Effective Governance Process”](#)

[“To Succeed at Innovation, Define Failure Not Success”](#)

[“The Truth About the Business Value of IT”](#)

[“The Gartner Top 10 Strategic Technology Trends for 2019”](#)

[“The Future of Your Business Ecosystem”](#)

[“The Truth About Business Value of IT”](#)

[“Break Through 3 Culture Barriers to Create Change”](#)

Conferences

In 2019, CIOs will see the use of digitalized products and services drive new forms of growth. New sources of revenue, business value, and opportunities to engage with customers and citizens

require you to lead your organization to the next level. Gartner conferences for CIOs prepare you for your new job as a growth leader. Find the inspiration, strategic ideas and solutions you need to address the challenges you'll face in 2019 and beyond.

[Attend one of our many CIO conferences around the world in 2019.](#)

Articles

[“How CIOs Can Scale Digital Business”](#)

[“Leadership Lessons for Digital Scale”](#)

[“10 Culture Hacks for Digital Transformation”](#)

[“Analysts Answer: The Key to a Successful Digital Transformation”](#)

[“CIO Agenda 2019: Digital Maturity Reaches a Tipping Point”](#)

[“CIO Leadership”](#) — e-book

Peer Insights

Gartner Peer Insights is a free peer review and ratings platform designed for enterprise software and services decision makers. Reviews go through a strict validation and moderation process in an effort to ensure they are authentic. Choose enterprise IT software and services with confidence. Read verified reviews from the IT community.

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