

Excerpt from

Gartner Business Quarterly

Proven Guidance for C-Suite Action



Shared Responsibility for Digital Business Means New Expectations for Leaders

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Seventy percent of senior leaders recognize digital technology as integral to revenue achievement, product development, customer or citizen engagement and advancing strategic operational processes. But just 40% of organizations have begun to scale and refine their digital investments, according to 1,877 respondents to our 2021 CIO survey.¹

Leading organizations share the responsibility for accelerating digital across leadership teams. It's no longer possible or appropriate for a single executive, such as the CIO, to take the lead. That's because analytics and technology work happens throughout the company, not just in IT. Forty-one percent of employees outside of IT already customize or build their own data and technology solutions for work.

As digital business progresses, matures and expands, the whole C-suite becomes responsible for making technology decisions and creating new team structures to support and implement them. This transformation will happen gradually (over the course of a few years) through three major phases. First, business leaders take more ownership of initial experiments. Then, they exploit digital business opportunities by

1 Excerpt from Gartner Business Quarterly 1Q21

incorporating their own technology resources. In the third and final step, organizations achieve their “techquilibrium” when they reach the right mix of traditional and digital capabilities to compete in an industry. At that point, all leaders will be expected to drive digital as a central part of their jobs (see Figure 1).

As business leaders take on more responsibility, the CIO role changes. This is possible only when leaders are digitally dexterous; that is, when they have the ambition and ability to build and work comfortably in digital business. The role shifts from systems operator to foundations engineer and from digital evangelist to the orchestrator of distributed digital initiatives. The CIO’s new responsibilities help others carry out analytics and technology work in a consistent and secure

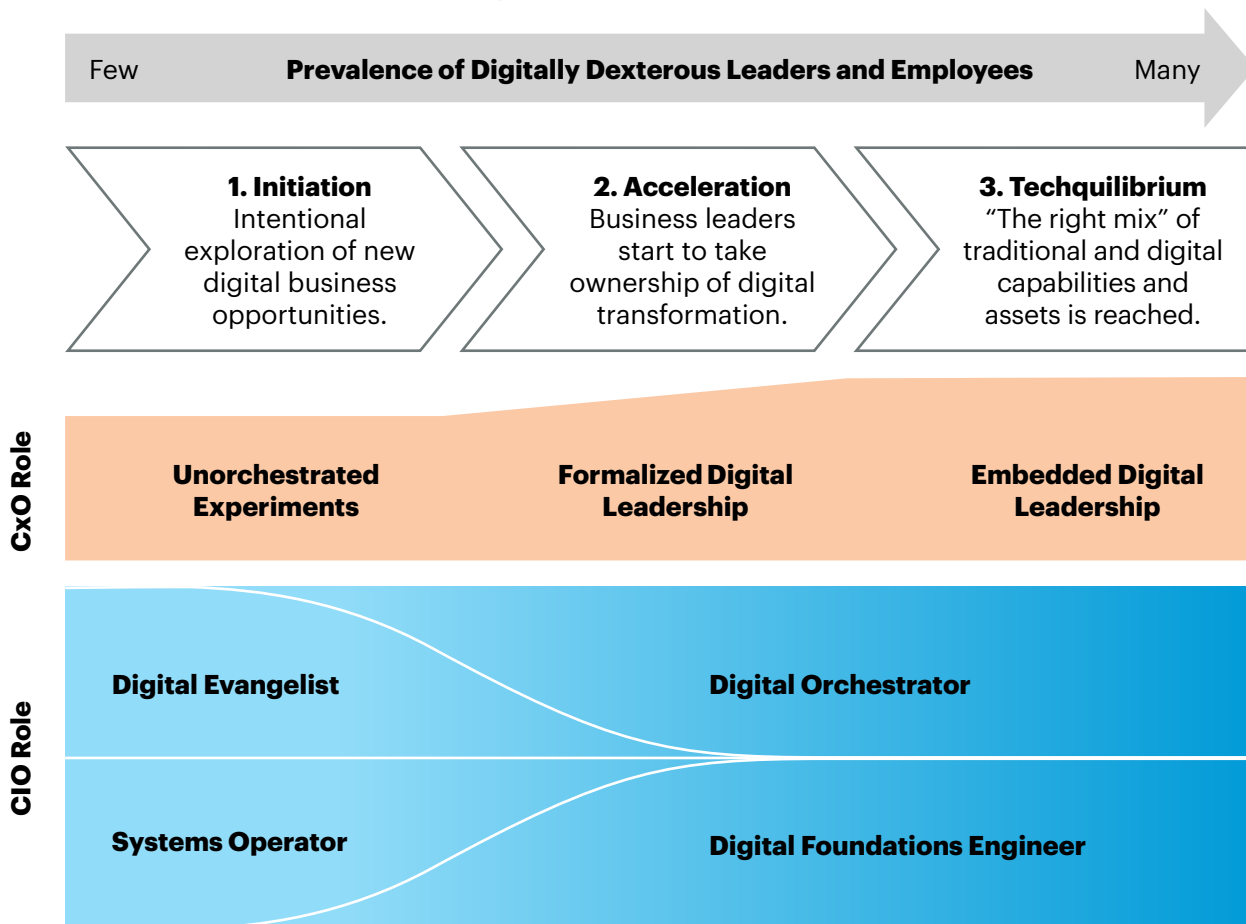
way. The new tasks include enabling new ways of working and the exchange of ideas and creating and managing capabilities that make technology production throughout the organization possible.

Together, business leaders and CIOs can form a formidable team that brings together diverse experiences and expertise to realize the full potential of their ambitions. But the journey to techquilibrium calls on company leaders to work together in new ways on four imperatives:

- Define your digital ambition
- Develop new mindsets and skill sets for leaders
- Boost all employees’ proficiency in digital skills
- Make it easy for all employees to do technology work

Figure 1. Models for Enterprise Digital Leadership

How Business Leaders’ Involvement in Digital Business Affects the Role of the CIO



Source: Gartner

Define Your Digital Ambition

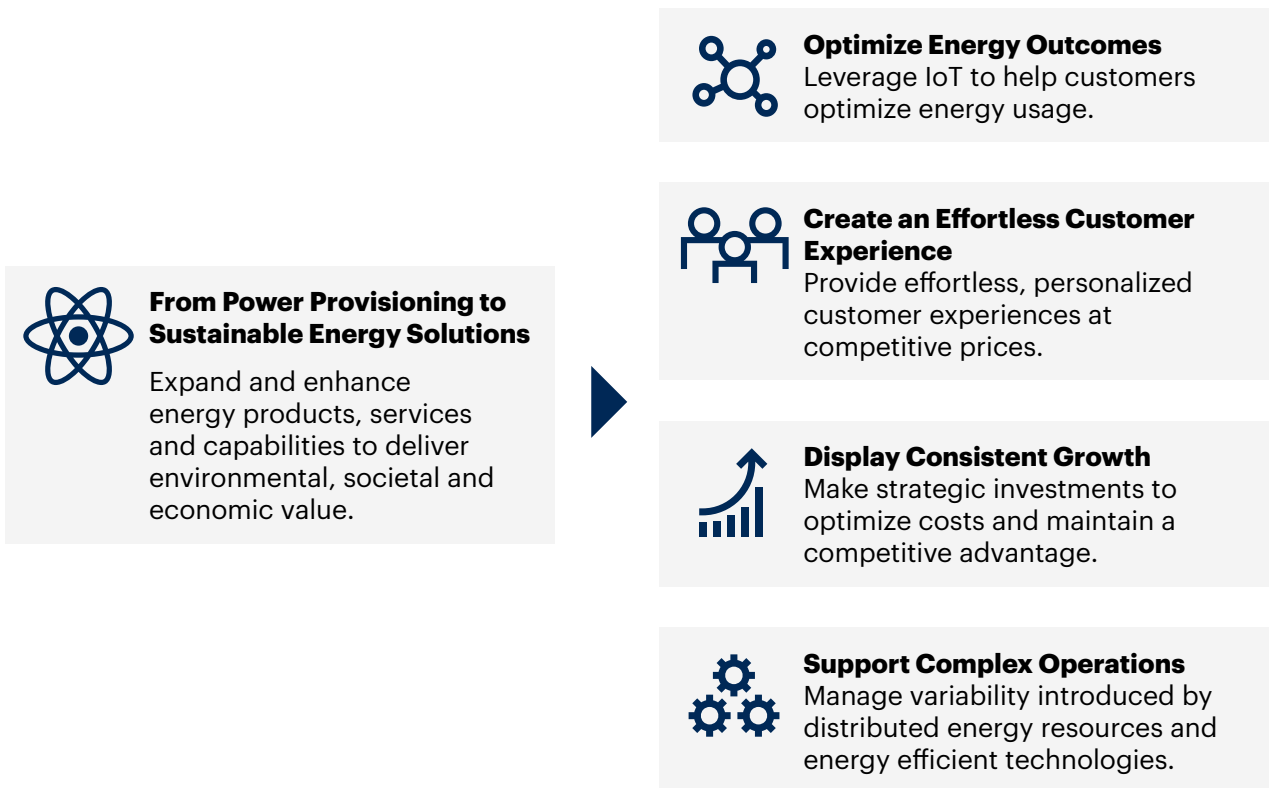
The best way to take action on this imperative is through a digital business narrative, a framework that provides clarity and direction about the organization's ambitions and helps align leaders and employees. CIOs and leaders outside IT should work together to create a consistent North Star, because without one, it will be hard to make any progress.

Companies looking to create a digital business narrative should start by evaluating their business model and asking where the heart of the company's digital transformation lies. For instance, is it in transforming the customer base, value proposition, financial model, capabilities or a combination thereof? This exercise will help steer leaders toward analytics and technology opportunities that will bring the most value to the organization and begin to illuminate the broader enterprise changes required to turn their vision into a reality. Once companies have a digital business narrative, it's important for leaders to

pressure-test it with a broad range of employees, to make sure it's relevant to their workflows, and customers, to make sure it aligns to their expectations.

The broader leadership team at Public Service Enterprise Group (PSEG), a U.S.-based energy company collaborated on a digital business narrative that communicated a new common enterprise mission: change the business model from selling as much power as possible to helping its customers save energy (see Figure 2). The CIO helped business leaders define and refine potential digital opportunities to lower customers' energy usage and improve functional performance. Leaders could use their narrative to formulate the top strategic priorities, underlying initiatives and operating model changes to help them achieve that vision. For instance, PSEG aligned cross-functional teams that blend IT and business domain expertise to their business transformation goals, such as "energy efficiency," which enabled employees to focus on the customer outcomes that mattered most.

Figure 2. PSEG's Digital Business Transformation Narrative and Goals



Source: Adapted From PSEG

Develop New Mindsets and Skill Sets for Leaders

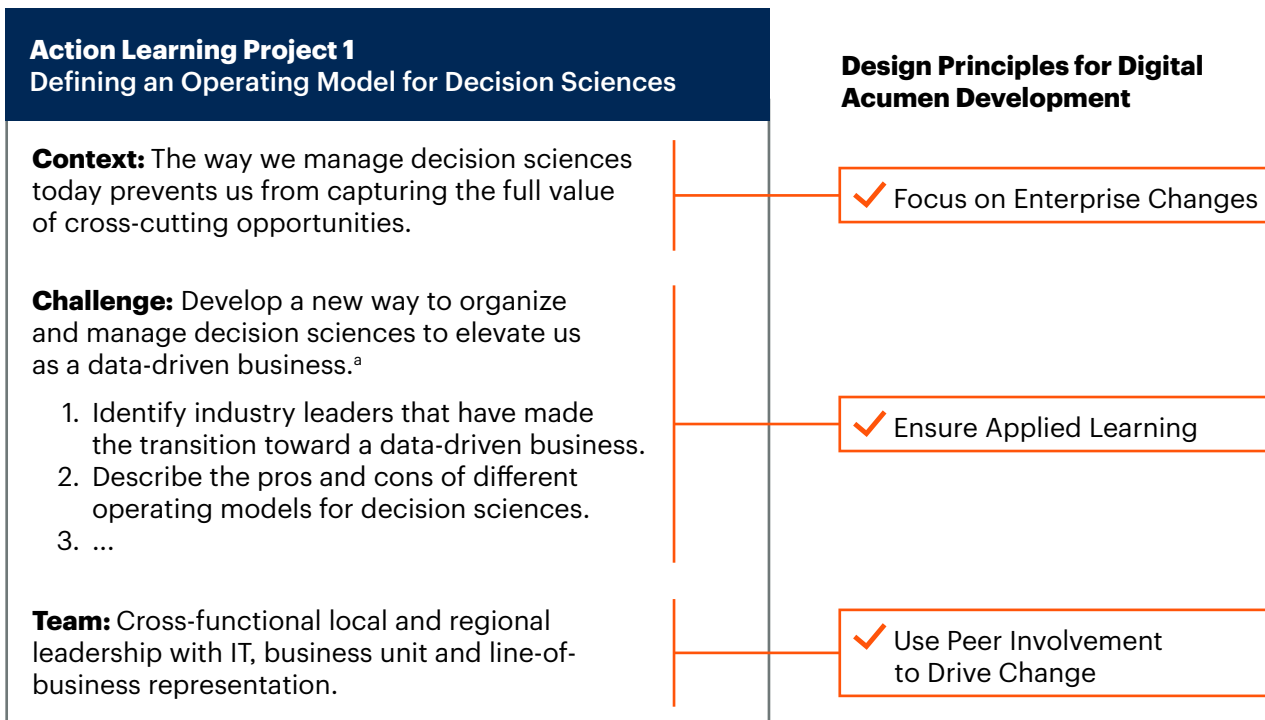
To prepare business leaders to take greater ownership of digital initiatives, CIOs should work with them to develop and refine broader leadership development programs. This includes increasing their proficiency in digital channels, ecosystems, strategy and execution as well as managing digital products and revenue.

One way to do this is through hands-on learning experiences. Ageas, a financial services company in Belgium, underwent a digital transformation, but certain leaders in its Asian region did not fully understand the “what” and “why” of the change. Ageas’ HR team in Asia partnered with subject matter experts to orchestrate a “digital safari,” whereby leaders from throughout the organization visited external, digitally savvy companies, such as fintech startups, to experience and understand the benefits of modern-day digital leadership approaches. After the safari, HR facilitated a debrief in which

participants reflected on what inspired them most, discussed what they could apply in their roles and proposed projects where they could commit to trying the new approaches. For example, an R&D leader inspired by agile ways of working decided to guide her team through fast product iterations for a new chatbot.

When Monsanto (now part of Bayer), a U.S.-based crop sciences company, started a major digital business transformation drive, the CIO partnered with colleagues in HR, supply chain and commercial to create and embed a digital training program into the company’s standard leadership development curriculum (see Figure 3). The program brought together leaders from diverse functional areas to work on solutions to real-world challenges. Monsanto’s approach helped business leaders outside of IT build an understanding of potential analytics and technology opportunities and improved their ability to take greater ownership of seeing their ideas through to completion.

Figure 3. Monsanto’s Leadership Digital Dexterity Development Program
Illustrative



Source: Adapted From Monsanto

^a Includes a partial list.

Boost All Employees' Proficiency in Digital Skills

Successful leaders are only as good as their teams. Without sufficient digital skills across all functional areas, the company will struggle to reach techquilibrium. Business leaders and CIOs should work together to identify the skills necessary to accelerate their digital investments. This will mean refreshing skills frameworks, creating new development programs and hiring talent that already has the right capabilities.

At U.K.-based Unilever, business leaders are already taking the lead. The CFO worked with HR to outline the necessary digital skills for finance and mandated training for all levels of the finance team (even the CFO) to accelerate digital technology adoption and business transformation (see Figure 4). This included individual and group learning, a structured and unstructured curriculum, and an education network with leaders and social media tools to encourage long-term engagement in the program.

The CIO and broader IT leadership team can accelerate early digital skills development programs. For example, IT leaders at China-based Guangfa Securities focused on building enterprisewide data and analytics skills to support its new digital strategy. But after a successful first year, management of the

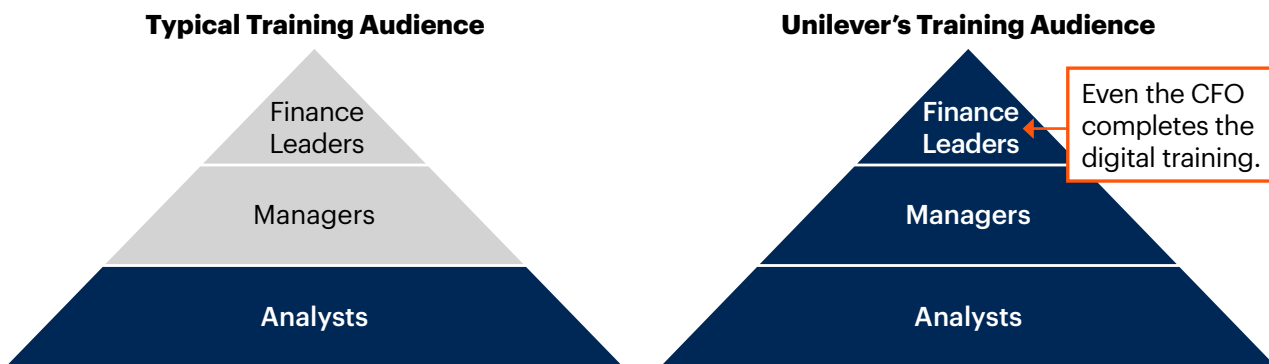
program migrated into the HR function, specifically to L&D executives.

Make It Easy for All Employees to Do Technology Work

CIOs and leaders outside IT must embrace the benefits of distributing digital responsibilities and establish a new technology model for the enterprise, not just for the IT organization (see Figure 5).

The new technology model for the enterprise should put in place structures and practices to facilitate the work of technology producers throughout the enterprise. This would include establishing communities of practice to help individual employees customize and build analytics and technology solutions for themselves. It should also include more formalized fusion teams, which blend the right business and technology domain expertise to deliver an outcome. In this structure, CIOs invest more of their time and attention in managing modernized digital foundations, which include business-enabling data and technology capabilities, such as self-service tools, repositories, marketplaces and integration, which technology producers throughout the enterprise require to perform their jobs.

Figure 4. Mandatory Digital Foundations Training
Illustrative



✗ Uneven Development

- Finance employees treat digital skill building as a “nice to have.”
- Pockets of digital capabilities reduce finance’s ability to adopt and exploit digital technologies.

✓ Universal Digital Foundations Knowledge

- Leader participation signals importance for digital skill building throughout the finance team.
- Universal digital knowledge increases adoption of digital technologies and promotes experimentation and innovation.

Source: Adapted From Unilever

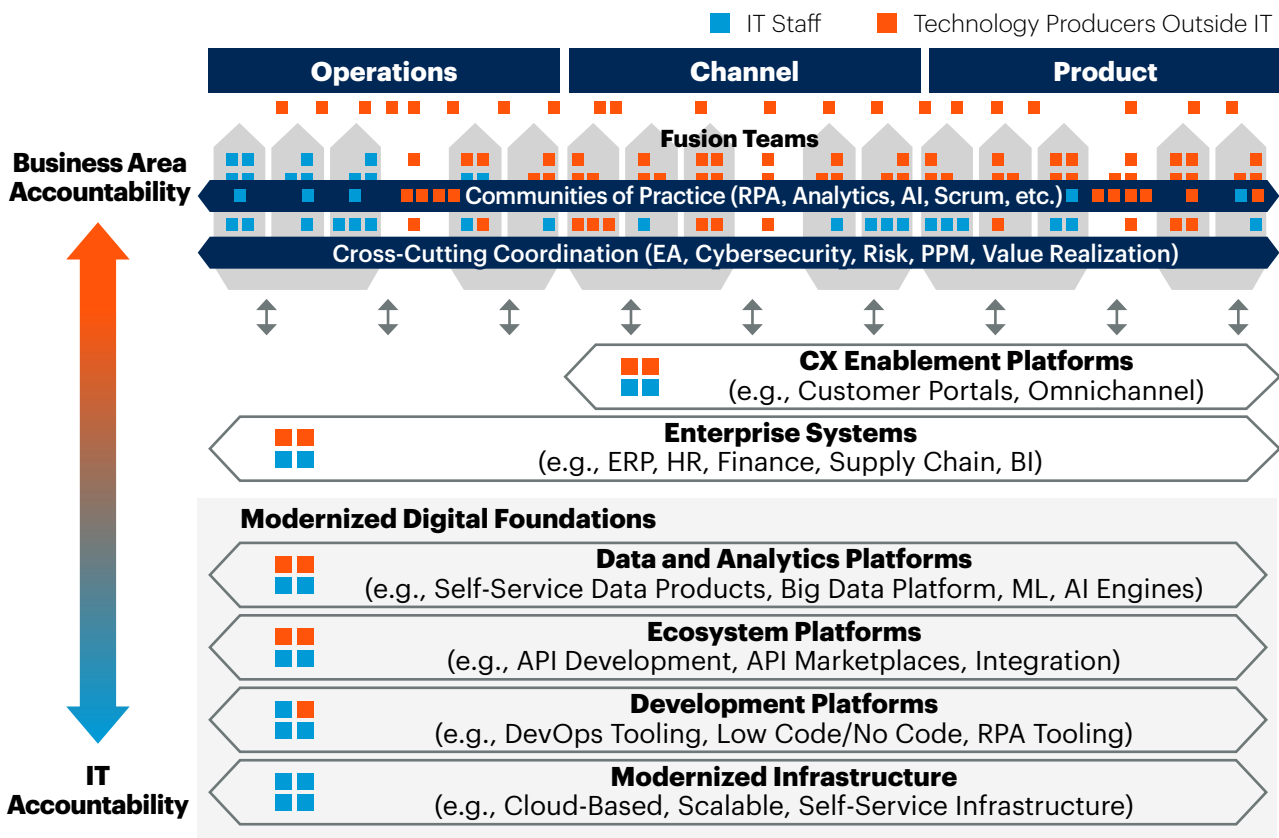
This model can't be achieved overnight and is more than just reconfiguring roles and team structures. It requires a fundamental rethink as to how work gets done in the enterprise, as legacy ways of working, mindsets and processes can impede digital business. Nationwide Building Society, a mutual financial institution based in the U.K., recognized this challenge and established a "Ways of Working (WoW) Enablement Center" within the COO's organization to speed up the underlying process and behavior changes required to advance digital business. The WoW enablement center is a dedicated team of 40 employees who work with fusion teams and their stakeholders (such as IT, finance, HR, risk and controls, and compliance) to co-create new working practices and enterprise processes. For example, the WoW enablement center put security and compliance experts in fusion teams to co-create new ways of working and reduce the barriers legacy processes created to technology work outside of IT.

All leaders must demonstrate that digital is a core part of their responsibilities and take the steps to create an environment where a more distributed approach to data and technology can flourish. This will send a clear signal that frontline employees must also take a greater role in helping the organization achieve its digital ambitions. The entire enterprise must pull together to effectively scale and refine digital investments faster than the competition.

¹ The 2021 Gartner CIO Survey was conducted online from 14 July through 14 August 2020 among Gartner Executive Programs members and other CIOs. Qualified respondents are each the most senior IT leader (CIO) for their overall organization or a part of their organization (for example, a business unit or region). The total sample is 1,877, with representation from all geographies and industry sectors (public and private).

Figure 5. New Technology Model for the Enterprise, Not Just IT

Operating Principles When There Are More Technology Producers Outside IT Than Inside IT



Source: Gartner

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