HMGSTRATEGY
The Strongest Executive Leadership Network

THE INNOVATIVE CIO: THE CATALYST TO DRIVING DIGITAL TRANSFORMATION

The shift to digital business is creating unprecedented opportunities for IT leaders to power new business growth by drawing on their technical acumen and inventive prowess.

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Executive Summary

The digital revolution is reshaping how business is being conducted. Companies are exploring new ways to use mobile, social, and other digital channels to connect with customers in the channels they prefer and to drive efficiencies in business and operational processes.

A major challenge companies face in executing on digital strategies is determining which C-level executive is best positioned to drive the digital agenda. Research reflects that ownership is fractured across multiple C-level roles.

According to a study conducted by Altimeter Group, 34% of digital transformation efforts are owned by the CMO, followed by the CEO (27%), CIO (19%) and the CDO (15%).

Thanks to their technical acumen and their unique perspective across all facets of the business, the CIO is ideally positioned to navigate the digital journey.

Still, in order to succeed, the CIO requires an innovative mindset to test and apply new technologies and techniques that can be used to streamline existing business processes and lead the business forward. This includes the ability to attract and retain the changing skills and talents needed to successfully drive digital transformation in the enterprise.

Historically, traditional IT environments were designed based on legacy technologies and solution delivery methodologies that resulted in less agile and more episodic value delivery to the business. With the explosion in cloud-based technologies, mobility platforms and advancements in areas such as analytics and artificial intelligence, today's IT team requires an entirely new set of skills to deliver value at the pace required to maintain their firm's competitiveness.

"CIOs need to craft a vision and create an environment that enables them to seed their organization with the right mix of external talent that possess these skills while also investing to develop their existing internal talent base in order to build a team capable of delivering on the promise of these new technologies," says Diana McKenzie, SVP and CIO at Workday.

In this white paper by **Workday** and **HMG Strategy**, you will discover:

- Examples of innovative techniques in digital business that are resulting in successful business transformation by industry leaders.
- The key traits that are required by innovative CIOs to flourish, including a willingness to be risk-tolerant and apply courageous leadership.
- How data-driven decision-making can unearth fresh insights for CIOs and business leaders to identify and act on digital business opportunities ahead of competitors.

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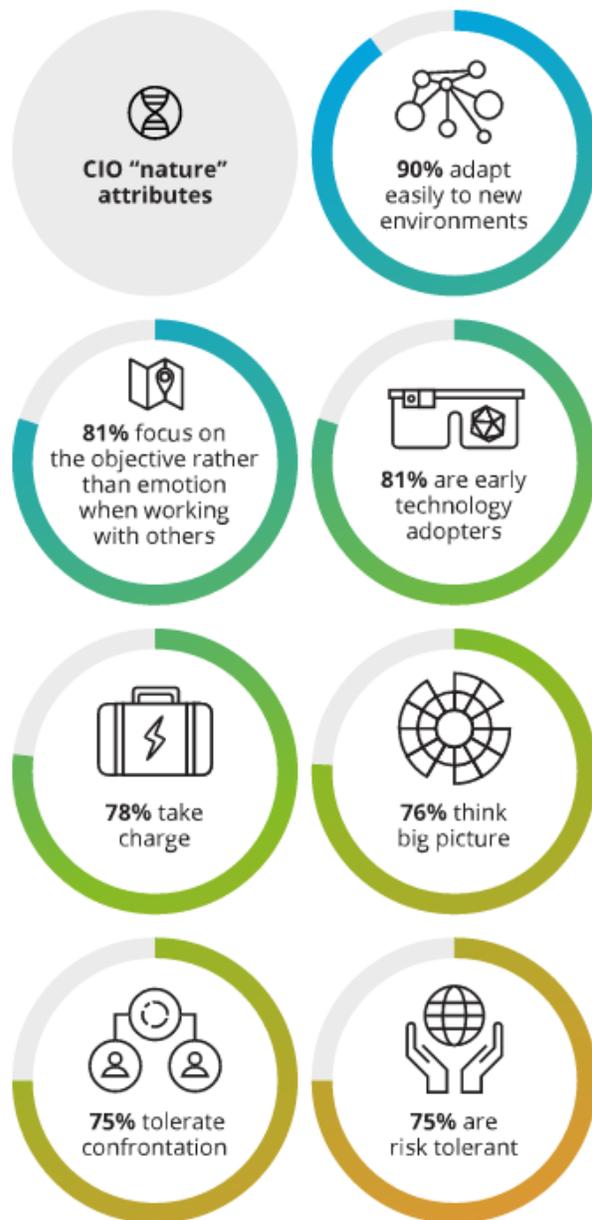
-- Diana McKenzie, SVP and CIO, Workday

Chart 1: *The Personality Traits of Successful CIOs*

While CIOs each have different leadership styles, a study conducted by Deloitte determines that CIOs have 20 personality attributes – such as how a CIO makes decisions, works with others, and tolerates risk. The study reveals that 75% of CIOs share 7 top personality traits and working styles.

Source: Deloitte 2016-2017 CIO Survey, survey or interviews with 1,217 global CIOs.

Figure 2. CIO personality traits and working styles

CIO "nature" attributes

90% adapt easily to new environments

81% focus on the objective rather than emotion when working with others

81% are early technology adopters

78% take charge

76% think big picture

75% tolerate confrontation

75% are risk tolerant

Refer to the appendix, questions 7 and 8.

N=1,175. Source: Deloitte 2016–2017 CIO survey.

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The Innovative CIO: A Playbook for Success

Digital transformation offers an extraordinary opportunity for CIOs to step forward and take a leadership role in helping their organizations leverage technology to disrupt the competition, break into new markets, and stay relevant for the long term, said McKenzie. CIOs are ideally positioned to lead their company's digital journey because they are already inherently the closest and most familiar with the new technologies that are driving this transformation. This helps explain why two-thirds of CEOs planned to focus on digital transformation strategies with CIOs serving as major players in leading this shift, according to IDC.

Thanks to their unique view across the enterprise, CIOs are also keenly positioned to see the interdependencies that exist between organizational functions (e.g. finance, HR) and business units. This distinct perspective allows CIOs to identify opportunities for streamlining systems and processes, for bridging organizational silos, and to apply transformative business improvements.

Still, in order for CIOs to successfully drive digital transformation efforts, they have to overcome a number of hurdles. Chief among these are the cultural challenges associated with convincing organizational leaders and their teams to embrace digital transformation, particularly since it typically involves making changes to their workstyles and traditional business processes.

This starts with clearly communicating the vision for the company's digital transformation objectives across various roles and organizational teams, says Mark Overton, CIO at HKS, Inc., a global architectural firm.

"The CIO needs to make sure that everyone understands what the end goal is and their role in making these changes," says Overton. "You have to continue to break that fear down with continual communications."

Once the company's digital vision has been shared with all stakeholders, Overton recommends finding influential sponsors within the business who are eager to embrace the challenges of digital transformation and support the vision. Enterprise-wide buy-in can be further strengthened by partnering with key business stakeholders and investing in small scale, digitally-enabled proof-of-concept initiatives.

Partnering with key stakeholders extends beyond brainstorming opportunities. CIOs must have the ability to collaborate with teams and leaders across the entire business in addition to key external stakeholders such as customers, VCs, technology providers, and partners. Expanding their network can help CIOs to stay on top of the key trends to better influence their own digital initiatives, explains McKenzie.

Overton and the business leaders he has partnered with have shared co-ownership on digital initiatives. Doing so has helped department heads to gain buy-in from their teams on projects that would benefit their groups. Various forms of communication were used to drive adoption,

including town hall meetings, intranet messaging, and social media posts in order to reach different stakeholders.

Assembling the digital team

Given the rapidly changing technology and business landscape, CIOs also must determine how they can optimally structure their team to deliver on business objectives. A balanced approach involves bringing in fresh talent from the outside and continually building up the knowledge base of the internal team.

A mix of fresh technology and digital design skills are needed to reshape the business. In addition to seeding skill sets for cloud, artificial intelligence, and data science, CIOs also need digital strategists who can think creatively about crafting new business models and are able to work with functional leaders to plot organizational processes for digital work tasks that flow smoothly.

Care.com, a provider of child, senior, and home care services, has leveraged an entirely digital business model to disrupt an industry that traditionally had been peer-to-peer or brick-and-mortar. By moving all of its customer-facing and back-office activities online and by digitizing its services, Care.com has grown to become the world's largest online marketplace for finding and managing family care.

Digital technologies such as those used by Care.com offer the potential to revolutionize how business is done. Forward-thinking CIOs are embracing the art of the possible to help drive business transformation.
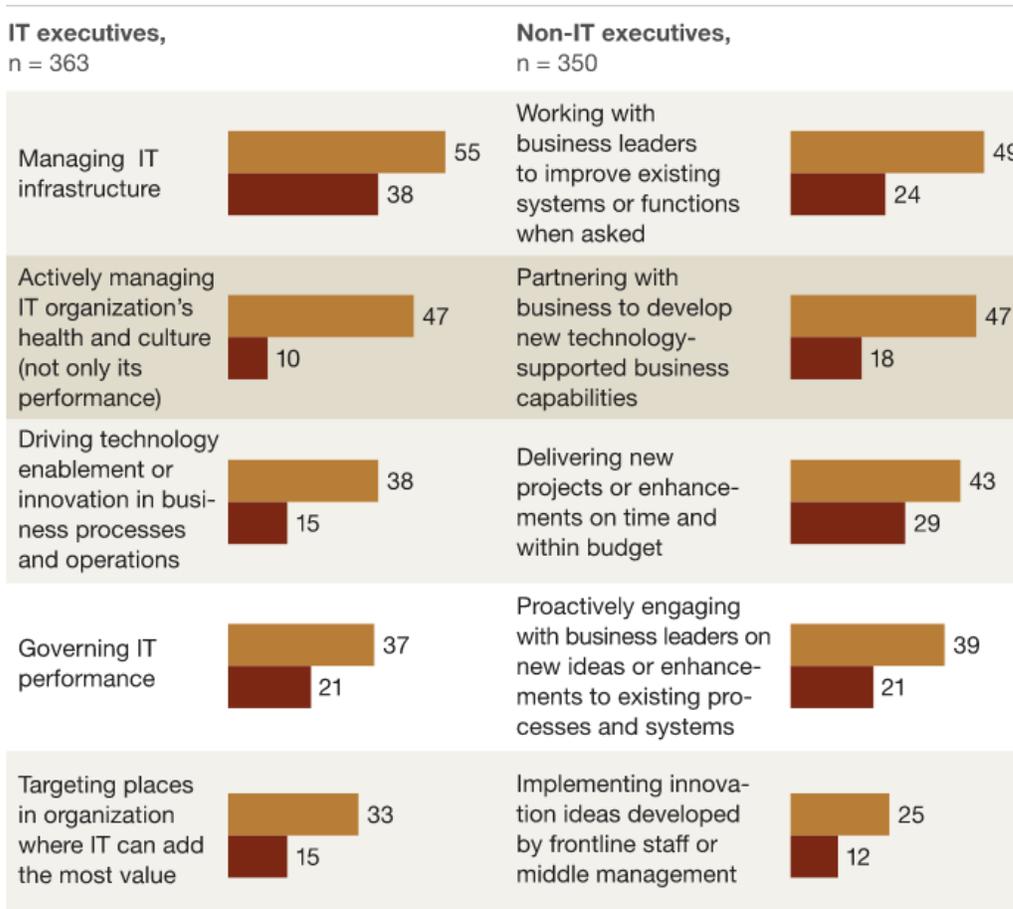
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-- Mark Overton, CIO, HKS, Inc.

Chart 2: *Leading Bottom-Up Innovation*

A study by McKinsey & Company found that in organizations where CIOs are more involved in business strategy, business executives are more than three times likelier than others to say that the IT function is very or completely effective at implementing bottom-up innovation and at creating a healthy IT culture.

Processes where IT organizations are completely effective or very effective[2]

IT executives, n = 363		Non-IT executives, n = 350	
Managing IT infrastructure	55 / 38	Working with business leaders to improve existing systems or functions when asked	49 / 24
Actively managing IT organization's health and culture (not only its performance)	47 / 10	Partnering with business to develop new technology-supported business capabilities	47 / 18
Driving technology enablement or innovation in business processes and operations	38 / 15	Delivering new projects or enhancements on time and within budget	43 / 29
Governing IT performance	37 / 21	Proactively engaging with business leaders on new ideas or enhancements to existing processes and systems	39 / 21
Targeting places in organization where IT can add the most value	33 / 15	Implementing innovation ideas developed by frontline staff or middle management	25 / 12

Source: *"Why CIOs should be business-strategy partners," McKinsey & Company, February 2015.*

Fostering a Data-Driven Culture

There are multiple benefits for enabling a data-driven culture. Executives and knowledge workers can make faster, more accurate decisions using current or real-time data. Meanwhile, organizational leaders can use analytics tools to drill down into data to uncover customer and business trends as they're occurring, allowing executives to make strategic decisions ahead of competitors.

When business and operational data is made available to everyone and not just a select few, this enables the enterprise as a whole to reach decisions faster and for the organization to operate at an accelerated rate. Gaining that ability is critical in a business environment where time is the new currency.

"How well a company leverages data to solve problems and find new opportunities is what will separate the most successful organizations from the rest," said McKenzie. "The power of data is unleashed when you can aggregate and analyze it across multiple functions within your organization to better inform decisions."

Shifting to data-led decision-making can have a powerful business impact. Data-driven organizations are 23 times more likely to acquire customers, 6 times as likely to retain those customers, and 19 times as likely to be profitable, according to the McKinsey Global Institute.

To help infuse a data-driven culture at HKS, Overton and his team meet regularly with business leaders to determine the types of information they need to make decisions.

"We then enable searching on the information that's housed within our particular systems along with pulling the information in from external sources that we need access to," said Overton. This may include information that can help an HKS client build a business case to construct a sports stadium. Or the best way to structure pricing for stadium seats to optimize revenue.

As advanced data management and analytics capabilities continue to emerge, this is creating new opportunities for CIOs to make it easier for company executives to explore and obtain value from data in new ways.

A Blueprint for Pinpointing Employee Skills

In the past, HKS didn't have a single repository for all our employee information across the seven countries where it has offices. This made it difficult for HKS project leaders to determine the best architect to place on a project based on his or her education, the states or geographies where they are licensed to work, the types of projects they previously worked on, specialized skills, etc.

Workday's cloud-based data repository offered a HKS a perfect fit for assembling project teams with the proper blend of expertise while enabling its IT team to focus on value-added activities. "We didn't want a repository where we had to maintain the infrastructure," said Overton. "Our team's value isn't supporting hardware but in helping the business to grow and to add value."

Workday helped HKS to consolidate its data infrastructure and enabled the company to expand its information assets. With a wealth of information available about each of its employees, including their skills and background, project leaders can now search the system to identify the most suitable employees to place on each project team.

"It also allows us to be proactive so that if someone's architectural license is expiring in a particular state, we can get on that to renew it," said Overton.

"If an employee has specific skills, say in structural engineering, we can use that to identify the best skill sets for specific projects," said Overton. "This repository has been extremely useful in helping us to accelerate the business."

A University of Cambridge study found that data-driven businesses have output and productivity gains that are 5%-6% higher than companies whose processes are not data-driven.

Next Steps

As CIOs look to drive digital transformation across the enterprise, it's important to recognize that digitization is a process that takes time to ripen. "Digitization requires patience," said Overton. "It's not something that's going to happen overnight. It's a constantly evolving journey to get the company from where it is today to where you want to get to."

HKS has been developing its digital business strategy for the past four years. And while the company's digital strategy continues to mature, Overton finds that he needs to be a constant communicator and evangelist for digital transformation.

"You have to be relentless about getting people to hop on board. Communication skills are key."

To help inspire key stakeholders on the merits of digital transformation, McKenzie finds that it's most effective to demonstrate examples of how different technologies can help their teams to do their jobs more efficiently and effectively.

"It's also useful to pull in advocates that you've had previous success with in other parts of the business who can help get other teams on board faster with a new digital agenda and assist with the company's cultural mind-shift," said McKenzie.

Meanwhile, achieving quick wins is another way to gain buy-in from functional and business leaders on the merits of digital business capabilities. McKenzie recommends starting with a business partner that a CIO already has a strong relationship with and collaborate with them to address a specific business problem.

"It doesn't have to be a huge business problem but it can be something related to a product, customers, or an aspect of the company's operations," said McKenzie. By successfully addressing a specific problem, "this will provide you with an important advocate and the credibility needed to work with other business partners to address bigger challenges," McKenzie adds.

About Workday

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, human capital management, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. More than 1,000 organizations, ranging from medium-sized businesses to Fortune 50 enterprises, have selected Workday.

About HMG Strategy

HMG Strategy is the world's foremost provider of pioneering networking events and thought leadership to support the 360-degree needs of the CIO/IT leader. HMG Strategy's regional CIO Executive Leadership Series, newsletters, authored books, and Resource Center deliver proprietary research on leadership, innovation, transformation, and career ascent. The HMG Strategy global network of over 300,000 senior IT executives, industry experts and world-class thought leaders is the strongest, most trusted network of executives. Additionally, partnerships with the world's leading search firms provide vital insights into the evolving role of the CIO.