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Evolution of the CDO role: 3 options for success



For many months now, companies across the world have been going through major crisis planning. It's been about reassessing priorities, working to reinforce trust and reliability with customers, managing employees with care and concern, and at the same time compelled to review strategy and future plans, what's important, what must get done, what to maybe leave behind, how best to ensure that the organisation is as well-placed as possible, as business hopefully recovers.

In all this, one item that has come to the fore of companies' agenda is "digital maturity", how ready are we to take advantage of digital tech, to leverage customer engagement, to maximise revenues through digital channels and routes to market, and at the same time how able are we to exploit digital tech innovation to optimise performance levels, reduce costs, speed up time to market, drive the whole organisation to be slicker, more agile, more effective, better fit to be a winner in this still fast-moving digital age?

And as companies evaluate this digital maturity, so many are turning to their CDO, their Chief Digital Officer, to review the digital strategy and transformation plans, spot the gaps, find ways to accelerate change and business development, be the leader and evangelist who can help set the tone and rhythm for the organisation for the next 5 years.

Most companies now have some type of digital leadership. PWC and Strategy& research has shown that 38% of EMEA companies have a CDO at c-Level on their senior leadership team, half of those are main Board of directors, and their key remit is that “digital transformation focus”. So, in theory at least, if the leadership is in place, an organisation should be well-set to consider the digital strategy options and start to make things happen. *But*, the PWC research, as well as new findings from Forbes, have been showing that most CDOs are struggling. 80% of CDOs interviewed acknowledged that they found “changing their organisation’s culture much more difficult than they had expected...and that they had to spend more time trying to convince colleagues of the need for Digital Tech than they spent time delivering and executing the benefits”.

So even while there’s now a focus on digital change, even while there’s a growing recognition of the need to truly embrace digital tech and routes to market, even while the crisis has created a sense of urgency and need to move ahead now quickly, at the same time, the role of CDO, the nominated leader for digital change is under scrutiny, challenging how to make this key leadership position actually work rather than be a “struggle”, does it need to evolve, take a different shape, revise scope and responsibilities so that it can succeed, and perhaps critically, have we got the right person with the right skills and background in place, someone with the experience and expertise who can lead and drive and be that effective leader who can rally the organisation in this area?

And as this scrutiny unfolds, leading organisations have identified 3 new CDO role options moving forward, 3 different styles and remits and experience sets that can be chosen, depending on the organisation culture, its industry sector, its competition, its customer expectations, how far it has already got in building digital tech capabilities and how far along it is on its digital transformation journey. Identify the particular type of CDO whose mix of skills and savvy might be the right mix to succeed.

The 3 options are:

- (i) *CDIO*
- (ii) *CDMO*
- (iii) *CDDO*

Let’s look at each in turn:

(i) CDIO

In recent months a number of leading global organisations have appointed one person to a merged, joint Chief Digital Officer and Chief Information Officer role. Companies like Nike, Henkel, Corning and even UK Gov have decided that it is that combination of skills and experience right for them, combining the commercial elements of the Chief Digital Officer with the Tech savvy and leadership of an adventurous and pioneering Technology leader.

In appointing Ratnakar Lavu to the CDIO role, Nike commented: *“Moving at the speed of the consumer requires sharpening our ability to sense and serve. Lavu will take on the role of CDIO and lead all of Nike’s global technology functions across the enterprise and also have the commercial responsibility for accelerating new digital capabilities for Nike. Ratnakar’s track record leading teams through dynamic, digital transformations will further accelerate our growth.”*

At Corning, on their appointment of Anne Mullins as CDIO, the company commented: *“Anne is responsible for leading the strategic direction of Corning’s global information technology function as well as evolving the company’s digital footprint. Her responsibilities include driving operational stability at market-competitive costs, evolving technology capabilities to advance Corning, and realizing the digital vision defined in the 2025 strategy. As CDIO, she partners closely with the business unit and functional leaders to deliver greater value by reshaping Corning’s digital outlook in the context of data and analytics, connected ecosystems, the “internet of things,” process optimization, and customer service.”*

What Corning, Nike and others have learnt is that, for them, the CDO role needs evolve. To function most effectively in their organisation, the role needs to be set-up with care and the person taking that role needs the authority and empowerment to deliver on the digital strategy and agenda. They have also seen that “digital” cannot be considered in isolation. In their particular organisations, digital transformation is absolutely wedded to the technology. For them, the Tech is the innovator, the enabler, the driver, the key. The Commercial is then their ability to prioritise, focus and deliver the RoI. They found that having a CDO without the Tech made the job more difficult to fulfil. Hence their combination and merger of roles.

What this merger of roles also means is that the scope now of this new CDIO remit can now be substantial. It cuts across large parts if not the whole of the company. It becomes both an agent for change as well as its deliverer. So the CDIO team and reporting lines are the next stage where care and attention need to be given, so that the team reporting to the CDIO are key people who have the same drive and determination and who themselves have the requisite skills to drive that digital transformation success.

(ii) CDMO

For some companies however it is a different mix of skills and remit required to make the CDO role work best. This “CDMO” option is being developed most typically in consumer-facing /B2C organisations where consumer brand marketing is a key lever.

So Unilever recently announced the appointment of Conny Braams to be their Chief Digital and Marketing Officer. *“Reporting to direct to CEO Alan Jope, Conny will be responsible for the transformation of Unilever into a future-fit, fully digitised organisation at the leading edge of consumer marketing.”*

Companies like Walgreens Boots Alliance, Amway, ARM, Shop.com, Chubb, have all created and established this CDMO role. *“There was too much confusion and overlap between our digital and marketing teams. They had been separate but both claimed ownership of the customer. And as digital engagement grew so those ownership debates became more intense. We realised we needed a single view of customer, a unified approach and a single voice”.*

CDMOs represent another evolution of the original CDO remit. In the early CDO days, there was much focus on developing an online presence or renewing and relaunching that, establishing and building e-Commerce capabilities, taking an often laggard digital level of engagement to the next level. And as that development began to bear fruit, so these tensions with other teams and departments have grown, what is the role of “digital”, how do those digital teams fit with the rest of the organisation, who owns what? And the CDO to CMO

connection has often proved the most challenging and frustrating, for both teams. Brought to a head by each claiming they knew the customer better and should lead on advertising, on branding, on promotion and campaigns, and so should therefore take the lion's share of the budget, while the other simply followed on and copied and translated certain initiatives into their own channels.

This sort of disruption is now seen to be a symptom of early CDO pioneering and most progressive companies have worked hard to resolve this. In fact, many, as diverse as Tesco, Philips, Apple, AllState Insurance, SAP have gone even further and made the decision to "rebrand" this CDMO role and call it their "Chief Customer Officer". To create a single and key multi-channel customer champion who can unify and integrate and makes sure there is consistency and harmony in all customer interactions.

As recent McKinsey research found: "Whoever takes the CDO role, whether they come from a Tech or Marketing background, however it's defined, that person becomes the transformer in chief of the corporation...he or she will be charged with coordinating and managing comprehensive changes that address everything from updating how a company works, to how it sells, to building out entirely new businesses. And he or she must make progress quickly."

(iii) CDDO

A third CDO option is to combine digital and data. This is likely to be most relevant where there are large volumes of data and a view that data analytics and insight can be the key to identifying and finding new sources of digital advantage. The advent of machine learning has opened up new opportunities to leverage data for better customer engagement as well as lower costs ways of working and delivery. Why not then combine digital innovation with data collaboration and leadership, appoint someone responsible for building that data capability and using the data technology to go after the targeted total digital transformation and change opportunity.

A number of companies have chosen this route. They may for example be banks or insurers where data volumes are high, where there are large customer bases, where advanced data analytics could open up new revenue as well as cost saving opportunities. This sort of solution path for the CDO can therefore also be found in the large retail organisations who have long been grappling with large amounts especially of customer data and have often been data and analytics pioneers.

So we see CDDOs for example in retailers like Marks and Spencer and Carrefour, in Financial Services firms such HSBC and AXA as well as in Utilities like Centrica and Ad agencies like Dentsu, Omnicom.

According to Gartner, "CDDOs are best suited where the core strategy hinges around becoming a data-driven organisation. It can be a matter of style and will reflect personalities on the Board and the company's history. But where there are large volume sets and companies can see sources of competitive advantage in this direction, then the CDDO comes to the fore. They are then in prime position to create value through new tools and technologies by focusing on data across the value chain and the means of production."

As a reflection of how important the CDO role in general has become, how it has evolved, and its different types of remit and scope, research from PWC, this time with Bain & Co, found that over 100 CDOs have been promoted to company President or CEO over the last few years. These include Wolfgang Blau, President of Condé Nast International, former CDO at the same company, Nicola Brandolese, CEO at Net-a Porter, ex CDO at Luxottica, Jonathan Lu, who was CDO and then CEO at Alibaba, Victor Matarranz, ex CDO now a CEO at Santander, Solmaz Altin at Allianz, Carissa Ganelli at Edible.com, ...and many others.



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