

Do we really need a CDO?

CDO: opportunity or threat?

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Introduction

Imagine two scenarios which both take place at a leadership meeting where the next item on the agenda is technology investment. In scenario one, the CFO stands up and delivers a numbers driven presentation that includes terms such as depreciation and ROI. In scenario two, three people simultaneously launch into their presentations. Their presentations overlap, but clearly they are not consistent. There is a tension between these three executives. The observing executives look at each other, and shrug their shoulders as if to say 'business as usual'.

The first scenario is common today. The second could well become common if we let evolving events play out. The three leaders in scenario two comprise:

- **the CIO**
- **the Chief Data Officer**
- **the Chief Digital Officer**

There is an increasing amount of attention in the market on the roles of both the Chief Data Officer and Chief Digital Officer. If these roles gain traction, you might want to claim them as your own. It could well be that, despite the clear link to information in the role title, the CIO ultimately becomes the IT manager.

The Chief Data Officer

A corporate interest in data is nothing new. In many respects the seventies was the golden era of data with the arrival of relational database technology. The eighties saw the focus change to information; text based reports over time became graphical. Today we have both real-time and predictive capabilities.

In response to the focus on information, the role of Chief Information Officer was created. Unfortunately many CIOs saw this role as one focused on technology management which, while important, was a step backwards in respect of business relevance.

In the last few years the arrival of high volume data, in the form of social media and video in particular, highlighted that the world of data management needed a rethink. From this emerged the theme of big data.

The vagueness around the details of big data has not stopped it entering the



boardroom vocabulary; possibly this vagueness has contributed to its (mystical) charm? In any case it now has the boardroom's attention and, more often than not, the 'meme carrier' was not the CIO. So despite the glaringly obvious link to the role of CIO, the 'powers that be' believe this not to be the case.

This has stimulated the notion of having a Chief Data Officer which, for me, is a cause for concern. Not least because it takes us back to a seventies mind set. Business value does not come from data but from information and associated insight. Clearly certain CxOs have not made that connection. The same concern might be levelled at the media and the vendors. Big data at the very least is a gravy train.

The issue facing today's leadership is not one of data or data management, but one of agility. The market is increasingly turbulent. 'Certain uncertainty' ensures that the strategy-execution model of the industrial era no longer serves its purpose. Such a model is increasingly a process of fiction creation followed by wilful blindness. In the digital economy tactics are the new strategy. The ability to shadow the ever changing market requires an athlete's agility, alertness and situational awareness.

Data, big or otherwise, lies at the heart of agility, alertness and situational awareness. Your organisation's ability to form a true picture of what is happening in the market, and quickly act on it, will determine its survivability. Your nomadic ancestors got this right and that is why you are around to read this today.

With the explosion in social data, your ability to tune in and listen to what the market is saying about your organisation, good or bad – and to act on it – could have a direct bearing on your share price, or from a government perspective, your nation's security.

So is this role of 'Chief Listening Officer' to sit with the marketing, finance or even security function? I contend that, because the ability to interpret data crosses all parts of the organisation, it should lie within the IT function. The case for the IT function is made even stronger when one considers that the value from this data will be managed and delivered to the users via new technologies.

But of course the IT function cannot deliver such a service if its people do not have the associated capabilities.

What is the Chief Digital Officer?

The Lehman Brothers bank collapse had a profound impact on many organisations. The subsequent economic downturn caused many to go into sleep mode or at least put a hold on their growth plans. Cost management became a universal theme.



Many years later, there is little indication that the economic situation is going to change anytime soon. Individuals, enterprise, governments and even trading regions are waking to the fact that this is a new normal. Cost management per se is not a strategy.

In the past, what happened on the other side of the world might have been interesting but had little impact on our working environment. Thanks to increased connectivity and the advance of new technologies, everyone, and increasingly everything, is connected. And each node in this global communication mesh has an impact on every other node – chaos theory in action.

This hyper-volatility again requires a high degree of organisational sensitivity to both capitalise spontaneous but short lived opportunities and avoid lurking 'corporate extinction events'. But even with the sensitivity served up by the Chief Data Officer, a finely tuned nervous system residing in a sclerotic body will fail to act with sufficient speed.

This is a reality for many organisations. These organisations are typically well established and have over time come to dominate their market; scale being a key factor in their dominance. The associated business processes have, like a river, worn deep into the organisational environment. To an observer, long serving employees appear part human and part process.

No amount of technology investment is going to help such organisations in today's market. We are seeing fundamental shifts in the nature of business, including:

- a move from systems of record to systems of engagement powered by social media
- increased mobility in respect of employees and the clients
- a step change in the number and variety of devices through which your organisation's services can be consumed - smartphones, laptops and tablets today; auto-analytic, smart glasses and smart vehicles tomorrow, to name but a few

With such technology-fuelled seismic changes, the organisation needs strategic advice on how to harness and capitalise on these trends.

Enter the Chief Digital Officer. This role/office might equally be named Chief Business Process Officer or Chief Business Transformation Officer or Chief Change Officer. Given the intimate knowledge most IT functions have of their organisation's processes, I have always felt that this was a natural extension to what the IT function delivered. Given that today technology management is drifting into the cloud, the role of digital business adviser is a natural next step for the IT function.

The role of Chief Digital Officer presents the CIO with an opportunity to



enhance their business relevance. In turn it will future proof the IT function and thus the careers of those that work in the IT department. However it will require an investment in personal development because this new model requires a new skillset.

What action should the CIO take?

Very little progress will be made until the technology management responsibilities of the IT department are operating smoothly. It is worth considering how you can harness the capabilities of the established service providers, to free up your IT function so you can get on with the business of insight provision and digital transformation.

Neither the users nor the leadership will be expecting this step change, so it is recommended that you socialise the intended changes in order to build up interest and support.

The transition to a cloud based model, coupled with the growing demands of users in respect of BYOD, will not be trivial and has the potential to disrupt the business in a non-advantageous manner. You are encouraged to devote significant attention to getting this right first time.

It is very likely that you are familiar with agile development. If not, become so. Understand how this relates to business agility and use the appropriate language when engaging with business leaders.

In a highly volatile market it is too risky to invest heavily in any initiative, so the notion of minimal viable concept/product is on the rise. This very much has its roots in agile software development so it should be quite natural for most IT functions to justify their involvement in respect of business initiatives.

Agile development requires a set of skills that extends beyond the technical. A key element of agility is engagement with the users. These skills include:

- business awareness
- interpersonal
- commercial
- visioning
- creative
- service

Some or all of these skills will be quite alien to technologists who have spent their career to date in the data centre, or have only engaged with the wider world through a technical specification. For this reason, not all technology roles mandate the abovementioned skills. Thus one cannot assume that your existing team will transition to this new model without some sort of development intervention.



While it might be fanciful to imagine your people morphing into top tier management consultants, that is what is required. Being a digital process consultant requires the skill set to extend beyond technical and into business and influencing skills.

One might think of skills development in respect of your people in terms of a 'T' model. The vertical trunk of the letter represent the deep technical skills that are traditionally associated with IT staff. The horizontal bar represents the non-technical skills mentioned above.

If some of your people see no need to develop their 'horizontal' skills then you need to establish whether their 'vertical' skills warrant retaining them, and if so decide on a role for them that keeps them segregated from the users. Such people are often technically brilliant but are brand-damaging from a service brand perspective.

If you are looking for the IT function to actively play a listening role in respect of the market, then you can steer some of your people towards an analyst type role. Much like a NASA operations centre, their role would be to monitor the market and identify any trends that suggest there is an emerging social opportunity, e.g. a buzz around a new product.

Equally important is detecting the build-up of brand negativity in the market. In either case, once the IT function has detected a trend, they can alert marketing who can then 'send in' a social media 'swat team'.

Conclusion

The IT function provides the nervous system that enables the organisation to function. A focus on improving the sensitivity and responsiveness of the enterprise nervous system will have a positive impact on business agility.

But an athlete's nervous system residing in a couch potato's body will be of little value. Therefore the IT function has to play an active role in helping the organisation become leaner. This requires the CIO to combine the roles of Chief Data Officer and Chief Digital Officer with their traditional responsibilities. It would hardly be reflective of lean leadership if three roles existed where one role was sufficient.

CIOs can only achieve this if they have a team that has the skills, knowledge and attitudes that support both IT and business agility.





About the author

Ade McCormack is a former technologist who is now an advisor on the digital economy and digital leadership. He is a judge on the annual CIO 100 awards and has an opinion column in the *Financial Times* advising business leaders on IT issues. Similarly Ade has a column in *CIO* magazine advising CIOs on business relevance.

He lectures from time to time at MIT Sloan School of Management on digital leadership and has written a number of books including *The IT Value Stack – A Boardroom Guide to IT Leadership*.

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