Digital Transformation Readiness Survey Summary

Center for Creative Leadership®

CorporateLeaders
BUSINESS TRANSFORMATION NETWORK

5435364534425
7645746457856
60%
70%
SUCCESS
ENTERPRISE
PRODUCT
6546-76
COLLABORATION
PARTNER

Contents

Time for Change 5

Leadership is “More Necessary than Ever” in a Digital World 6

SURVEY HIGHLIGHTS 7

- Internal Skills and Vision are Challenging Digital Transformation 7
- Digital Vision and Strategy Led from the Top 8
- Innovating Through Digitalisation 9
- Disconnect in Digital Readiness 10
- Digital is Lacking in Leadership 11
- Piloting Digital Transformation 12

It’s Time to Lead the Way 13

Respondent Demographics 14

Time for Change

The old management models – and the old companies – are coming crashing down. Traditional modes of operation that worked for decades, and built small companies into global giants, are no longer fit for purpose. Only those that truly transform their digital processes from the ground up will survive. Consider Nokia – once one of the world's leading providers of hardware, leading the mobile phone market. Following the disruption of their industry (led by Apple), they sold their mobile devices division and transformed into one of the world's biggest wireless network providers.

Digital transformation is not about riding out a storm and hoping it will pass. It is about embracing change – and accelerating it. New digital services from automation to the Internet of Things, cloud services to outsourced applications, provide opportunities for efficiency and growth. By understanding the connections between technology and people, small ideas can grow big in a very short space of time.

This isn't easy, and it doesn't happen overnight. But it is essential to both future leadership capabilities and organisational health to get started. To find out how organisations are going about this, identify the barriers in the way, and highlight the most successful strategies, the Center for Creative Leadership (CCL) and CorporateLeaders surveyed 100 European VPs and Directors in HR, L&D, Leadership Development and Talent Management to better understand how organisations are preparing for digital transformation from a strategy and leadership perspective.

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Leadership is "More Necessary than Ever" in a Digital World

Several themes emerged from the survey, including the need for steady and visionary leadership in times of transformation. Leaders also need to be, or rapidly become, digitally-savvy. In the Center for Creative Leadership's experience, the key to unlocking greater digital impact is not just a question of 'implementation' or 'adoption'. Leaders and IT teams need to partner to drive innovation. But more importantly, digital change must be managed and understood by all tiers of the organisation. Too often current models of leadership are still bound within traditional linear and hierarchical organisation models, which kill off innovation and digital transformation.

In many instances, cultural change needs to be implemented before the transformation process can begin. Digital corporate cultures, much like software applications, are networks. Organisations need to create a networking framework and architecture that is far more flexible and capable of absorbing shocks. This survey gives crucial insights into how organisations are starting the journey, and how much further they still need to go.

> Digital change must be managed and understood by all tiers of the organisation.

SURVEY HIGHLIGHTS

Internal Skills and Vision are Challenging Digital Transformation

Intriguingly, the top four challenges – Insufficient internal skills (55%), lack of a clear vision for a digital customer journey (46%), integrating new technologies (36%), and resistance to change (34%) – are all leadership challenges. Vision, integration, and overcoming resistance, are all classic leadership skills that must come from the top.

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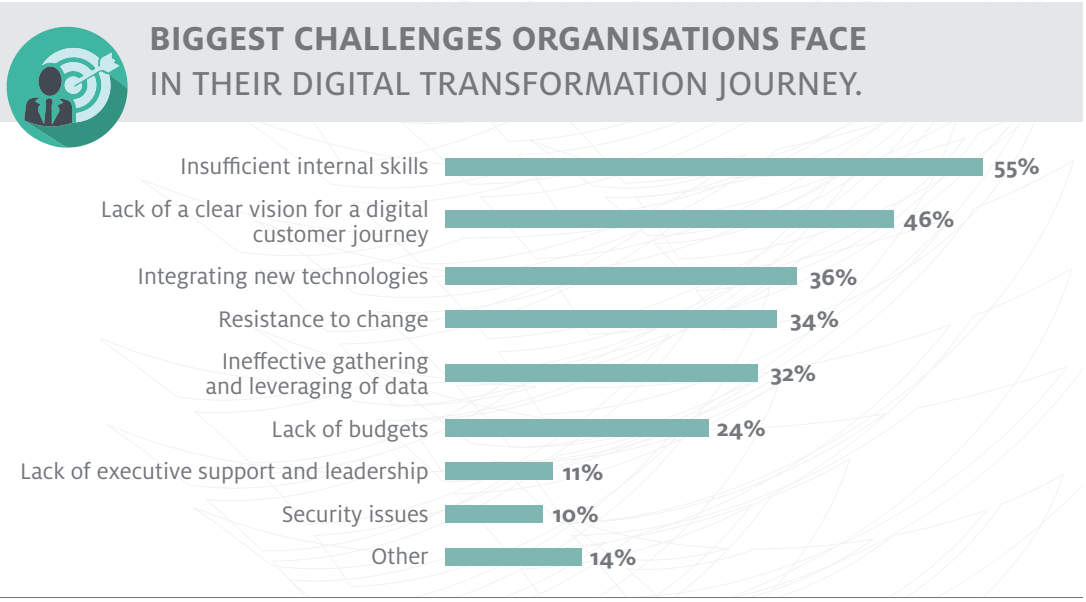
The call for internal digital skills training to be rolled out within organisations can be seen clearly. There is an urgent need for organisations to optimise their internal capacity and undertake internal talent search programmes. In a sense, that is a quick win. Pools of skilled digital employees are likely to exist amongst the employee base, and not just in the IT department. Once organisations have announced their vision and digital transformation strategy, they need to identify and nurture those who are able to own and implement these changes within their teams. The fifth biggest challenge highlighted – ineffective gathering and leveraging of data (32%) – is more of a specialist skill. Do organisations have sufficient data analysis capabilities within – and is this a recruitment or a training requirement (or both)?



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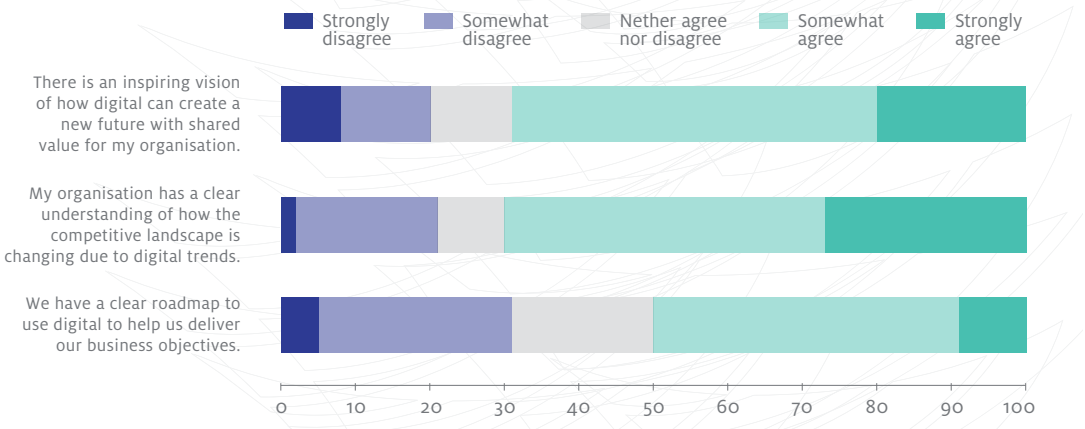
Digital Vision and Strategy Led from the Top

Digital strategy needs to be led from the top, with a strong clear vision. It is reassuring then that 69% agree that in their organisations there is an inspiring vision of how digital can create a new future with shared value for their organisation – although there is a significant and concerning 20% who disagree. Also, while the majority believe that their organisation has a clear understanding of how the competitive landscape is changing due to digitalisation and have a clear digital roadmap to achieve business objectives, there are significant numbers that do not: 21% and 31% respectively. This suggests companies need to work on their digital roadmap, with a clear and honest assessment of both the current situation and the digital transformation objectives.

ORGANISATION'S VISION AND TACTICAL STRATEGY
TO EMBED DIGITAL ACROSS THE ORGANISATION.



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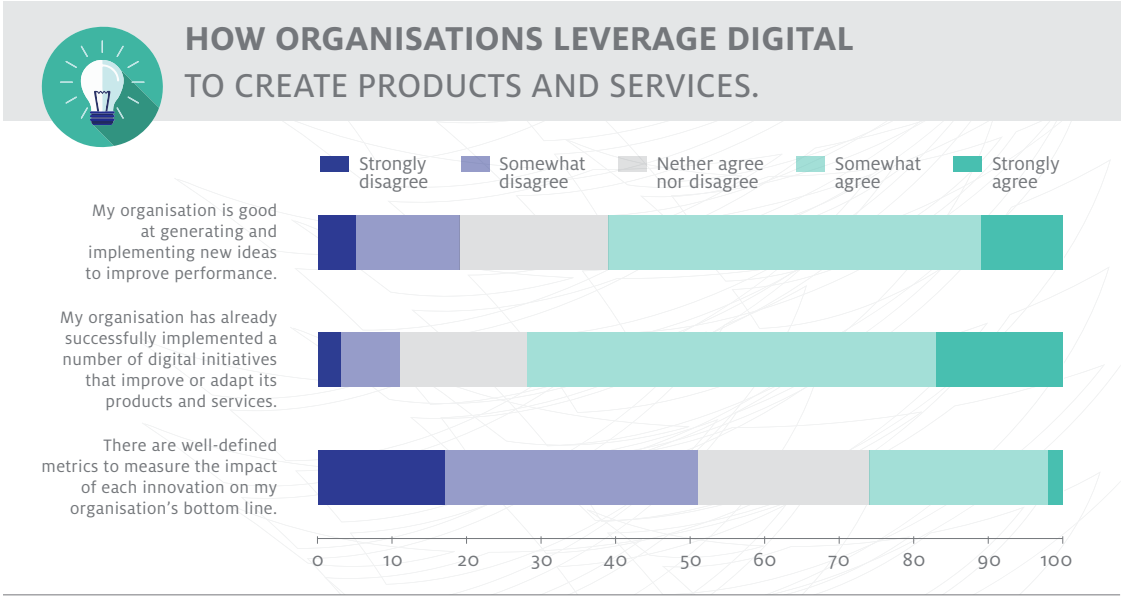
Innovating Through Digitalisation

When asked how digital is leveraged to innovate, a more positive picture is painted. An encouraging 61% of respondents agreed that their organisations are good at generating and implementing new ideas to improve performance, which suggests a robust level of digital capability. Even more encouragingly, 72% of organisations have already successfully implemented a number of digital initiatives that improve or adapt its products and services, suggesting that the early stages of digital transformation are underway. However, organisations struggle with measuring the impact on their bottom line, with only 26% having well-defined metrics in place. To paraphrase an old management saying: you cannot manage what you don't measure.



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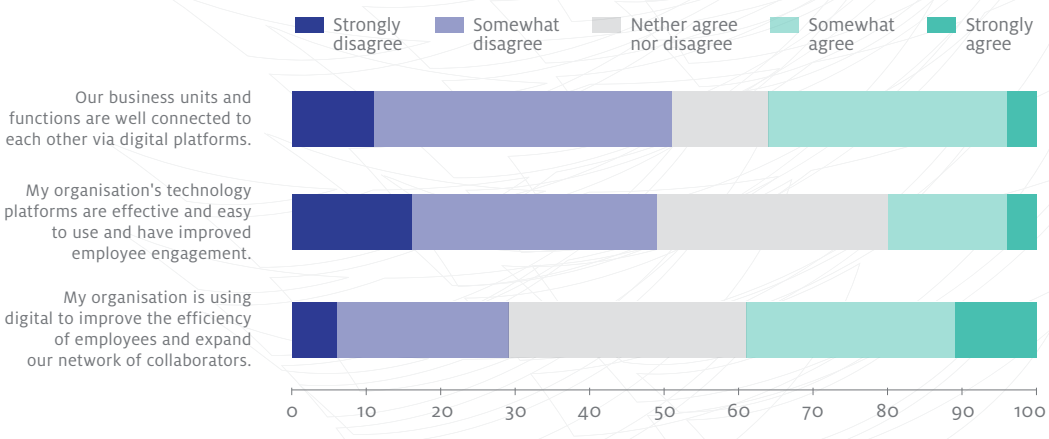
Disconnect in Digital Readiness

In terms of digital readiness, there are some causes for alarm, mixed with glimmers of hope. Over half of the respondents don't see their business units and functions are well connected to each other via digital platforms nor do they see their organisation's technology platforms as effective and easy to use or having improved employee engagement. Ease of use and networked connectivity are essential to true digital transformation, not optional add-ons. These organisations need to work fast to remedy these issues. In fact, with only 3% strongly agreeing to both statements, it suggests that 97% of organisations need to work fast to turn this situation around. The glimmer of hope comes with the 39% who agree they are already using digital to improve the efficiency of employees and expand a network of collaborators, with only 6% strongly disagreeing. This suggests a familiarity with networking that can be built upon.

ORGANISATION'S PROCESSES, TECHNOLOGIES, AND CONTROLS TO ACCELERATE THE OPERATIONS OF THE ORGANISATION.



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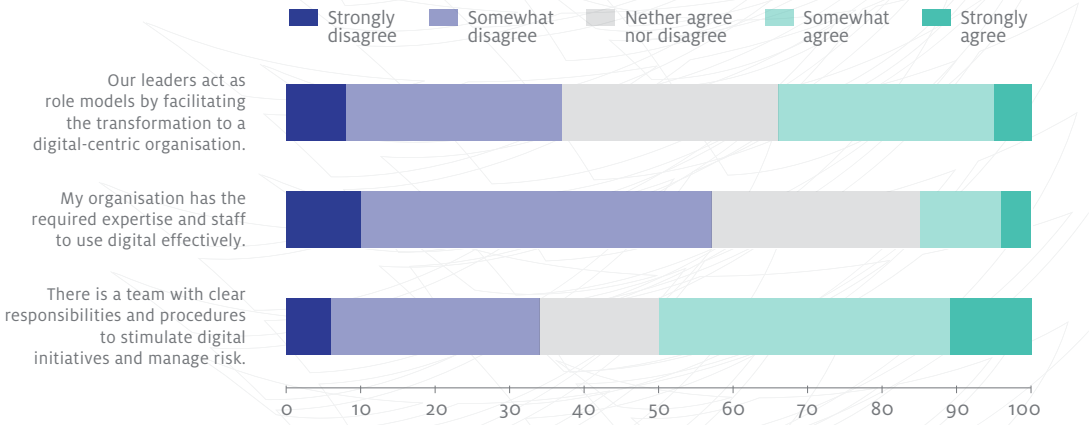
Digital is Lacking in Leadership

There is a very mixed approach for digital leadership when it comes to engaging and inspiring teams to achieve the company vision. Respondents were split down the middle as to whether their leaders act as role models by facilitating digital transformation – almost a third (29%) couldn't decide if they agreed or disagreed, which suggests that if there is role modelling going on, it can't be very effective. Over half don't feel that their organisation has the required expertise and staff to use digital effectively, once again suggesting there is a huge skills and training challenge. People felt more positive about having a team with clear responsibilities and procedures to stimulate digital initiatives (50% said they had one), but that may not necessarily be a good finding – if it is illustrative of an "it's ok, someone else is dealing with it" mindset, that could be impeding a truly networked, transformational culture. It is something that Joseph Press, CCL's Global Innovator & Strategic Advisor, has called 'we own innovation syndrome': many innovation programmes suffer from departments claiming the innovation territory, which in turn limits them from becoming an organisational movement.

ORGANISATION'S USE OF DIGITAL TO ENGAGE AND INSPIRE TALENT & TEAMS TO ACHIEVE VISION.



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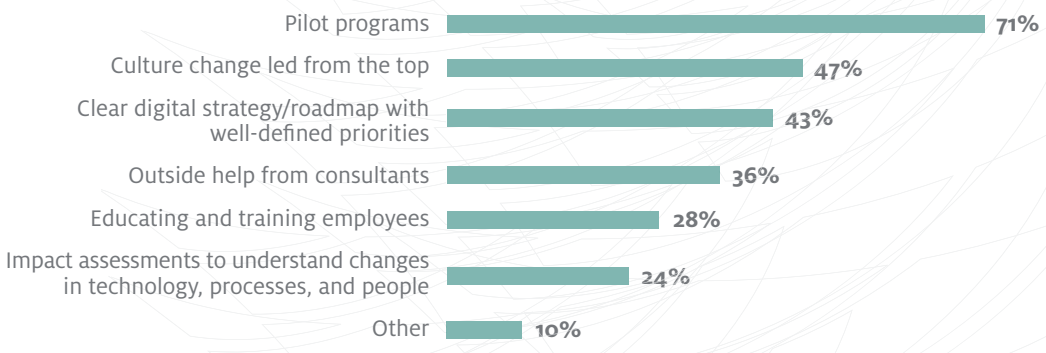
Piloting Digital Transformation

So what tactics have organisations actually found to be most effective? For the vast majority (71%), it has been pilot programmes. These are very effective and offer proof points for success. However, they also need to be rolled out quickly if successful because for every large organisation that is piloting programmes, there are a hundred disruptive start-ups who are prepared to jump right in. More encouraging is the 47% who say that culture change led from the top has been most effective, and the 43% who benefitted from a clear digital strategy/roadmap with well-defined priorities: both essential to digital transformation. Many are experiencing the benefit of outside help too – if the leadership team recognises a chronic lack of digital leadership capability, then they are going to need outside help to get them started.

MOST EFFECTIVE TACTICS TO DRIVE ORGANISATION'S DIGITAL TRANSFORMATION JOURNEY.



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It's Time to Lead the Way

Digital transformation is now a necessity for every industry. For today's businesses, as this survey clearly shows, this is both a scary time and an exciting one. Redefining business models is a high-risk strategy; doing nothing, however, is a far bigger risk and one that is sure to fail.

Leaders therefore need to disrupt their own roles. Hierarchical models need to be quickly flattened – especially where leadership teams are not true digital natives. This cannot simply be delegated to the IT department. The business strategy and the digital strategy must now be the same. The good news for leaders is that while this requires a solid understanding of the digital processes underlying it, it cannot be implemented without leadership. Transformation is led from the top, bringing everyone together and working towards the same goal. It is up to leaders to define that goal, set out the path to it, and enervate and excite the entire organisation in the pursuit of that goal.

Transformation is led from the top, bringing everyone together and working towards the same goal.

Bringing in the help of external experts can also help to kick-start this journey. When CCL works with organisations, it typically recommends starting with the digitalisation of processes and products, and your own leadership. Ultimately leading digital transformation will necessitate designing the new you – a digital-savvy leader with the passion and purpose to lead the digital transformation.

Let's Talk

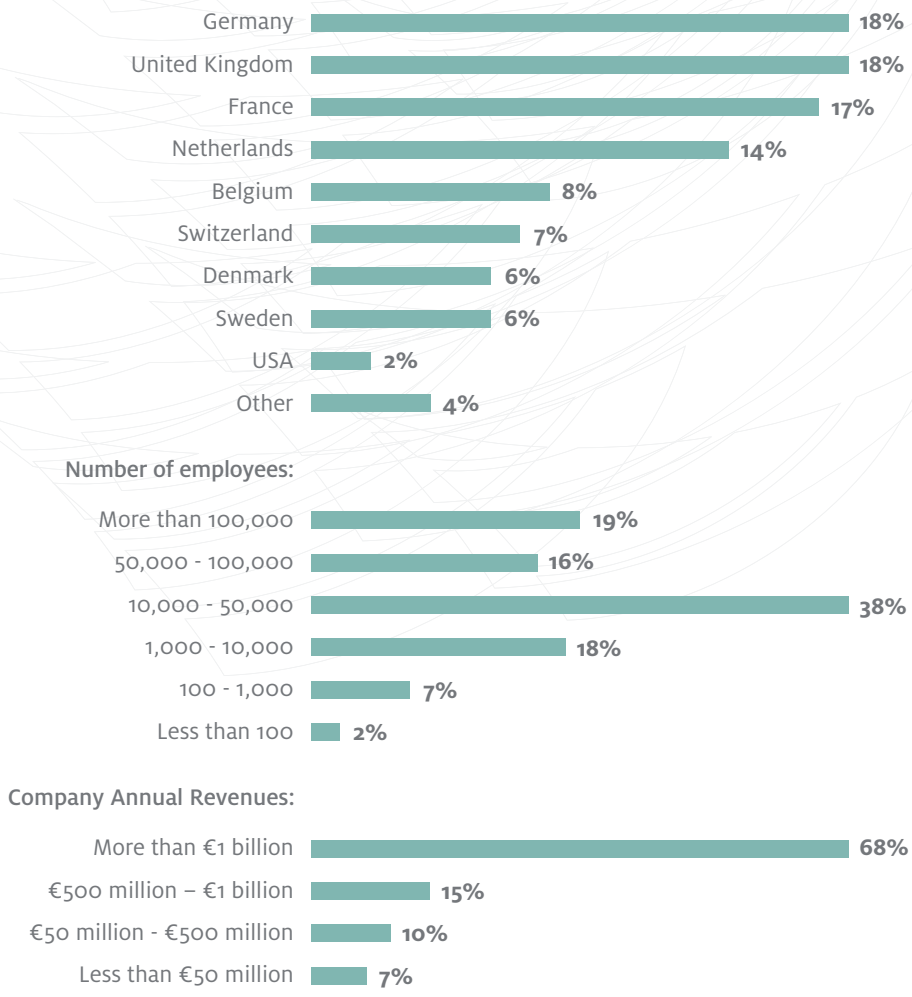
If you would like to talk about the survey results or how to turn your leaders into digital transformation champions, please contact Ugne Tornau, Client Relationship Advisor at CCL, on +32 2 679 09 10 or bridge@ccl.org for more information.

Or visit our site www.ccl.org/leadership-solutions

Respondent Demographics

RESPONDENT DEMOGRAPHICS

The Center for Creative Leadership and CorporateLeaders surveyed 100 VPs and Directors in HR, L&D, Leadership Development and Talent Management from November 2017 to January 2018.



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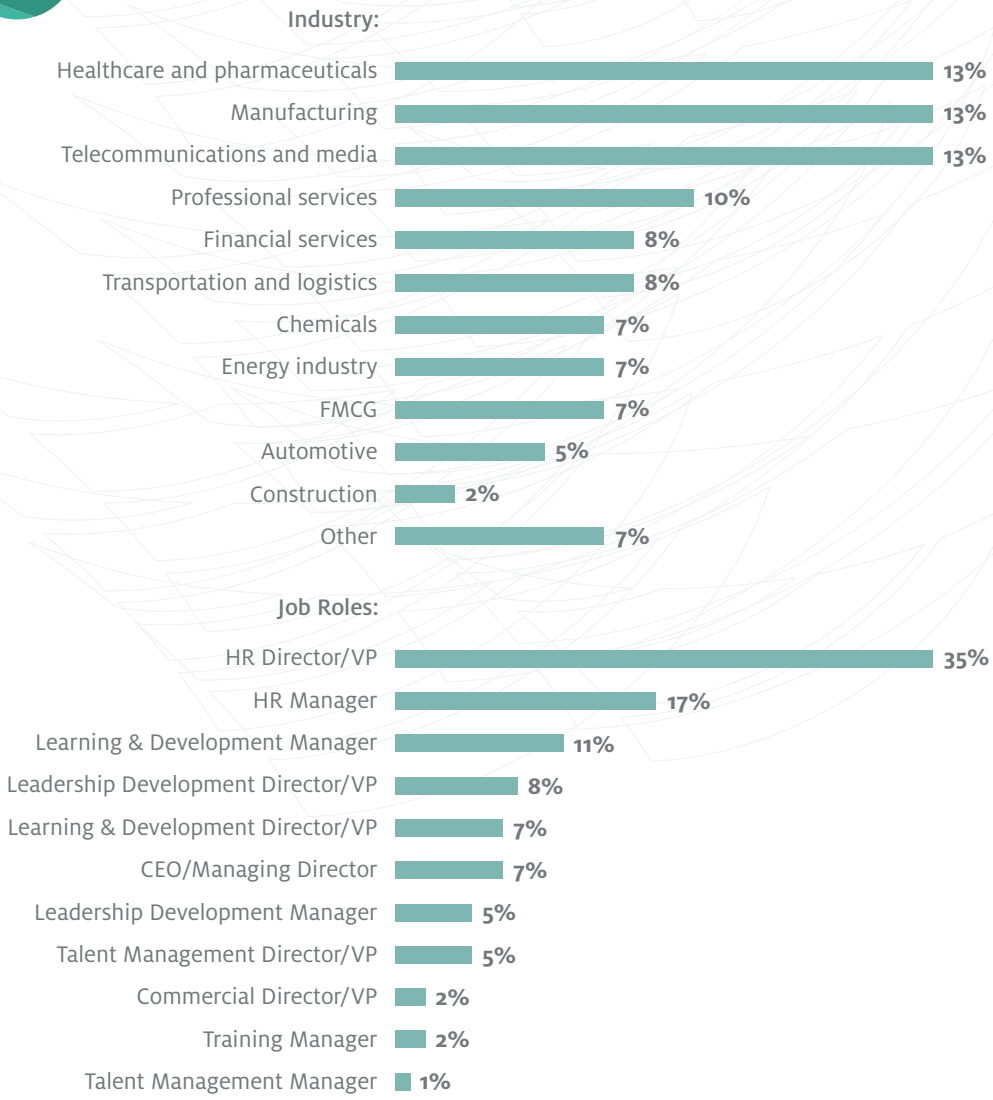
RESPONDENT DEMOGRAPHICS



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About CCL

The Center for Creative Leadership, a top-ranked global provider of executive education, offers what no one else can: an exclusive focus on leadership education, research and unparalleled expertise in solving the leadership challenges of individuals and organisations everywhere. For over 47 years (27 years in EMEA), we've equipped clients around the world with the skills and insight to achieve more than they thought possible through an array of leadership programs, customised products, digital learning, Coaching, Assessment, Tools and Support with nearly 750 faculty and an associate network of 1,000 members in North America, Europe, The Middle East, Africa and Asia. CCL® has consistently been ranked as one of the top 10 providers of leadership solutions by the Financial Times and Bloomberg. For the fourth year in a row, CCL ranks No. 4 overall in the Financial Times worldwide survey of executive education.

CCL is redefining the field of leader development beyond individuals to embrace the leadership development for you, your business and the world that together set direction, obtain alignment and commit to imperious change results. CCL believes that organisations need to bring leadership development and capability to the next level of maturity while implementing strategic imperatives. Organisations who can successfully navigate these turbulent waters will be success in managing complex changes they face.

For more information call us today at +32 2 679 09 10, or visit: www.ccl.org/emea

About CorporateLeaders

CorporateLeaders is an exclusive independent network that inspires business and leadership by providing a trusted forum for executives to network, exchange ideas, share lessons learned and drive business forward in an ever changing environment.

We focus on providing exclusive membership services, intimate and content rich networking events, research, content, leadership development and advice on business transformation with the executive needs and experiences at its core.

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