

# Digital leadership is critical

By [Peter Drube](#)

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There's no denying that digital technologies are changing the way that business is done across all industries. But to ensure they start to realise the benefits of this move now, companies need to make sure that they have the right kind of digital leadership.



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One really needs to understand that while technology enables the digital business, it is useless without the necessary mindset changes and a reconfiguration of the value chain. That means clear leadership to 'sell' the benefits of digitisation to the rest of the C-suite and then throughout the organisation.

The digital imperative is driven by the need for greater agility in order to respond to customers more quickly and deliver consistent experiences to them across multiple channels, and to respond to heightened competition. Companies in the financial services, retail and health sectors are leading the digital charge. Research by Gartner shows that companies with a clear focus on digital transformation are much more focused on growth as opposed to cost cutting.

In other words, digital companies are much better positioned for long-term sustainability than their peers.

## Managing change

Research conducted by Accenture, Avanade's parent company, indicates that 42% of executives in the insurance industry—a subset of financial services—expects the biggest barrier to implementing digital initiatives will be managing change.

This is a clear indication of how important digital leadership will be. In some companies, the CIO role is being redefined to a certain extent, or the CMO is adopting the digital leadership role because marketing is investing so heavily in digital in order to reach customers more effectively. At the same time, a new role—the chief digital officer (CDO) is emerging.

According to Gartner research, only 6% of companies currently have a CDO, but they are being appointed very rapidly. The Accenture insurance research shows that this trend is significantly more established in this industry, as one might expect: 22% of companies say that digital transformation is being led by a dedicated CDO, with the percentage rising to 42% by 2016.

Whoever the digital leader is, it's a vital role. Digitisation is critical for business success today and in the future because it enables greater agility and responsiveness to market shifts. And it's worth understanding now that all of this means that leadership in general will have to change. Effective leaders in the Digital Age will be chosen not for the competencies they already possess, but by their ability to unlearn old ways of doing things and adapt to a constantly shifting set of realities. Digital leaders will have to manage the change in mindset and processes down throughout the company but also across the C-suite and, ultimately, the board.

## ABOUT THE AUTHOR

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