



## What keeps a lot of CEOs awake at night — and how to fix it

*It's not accountability, talent acquisition or shareholder value*

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Digital disruption is rapidly transforming all aspects of our lives. Nowhere is this more evident than in business. Every sector has had to integrate digital technologies to accelerate effectiveness and processes – and even create entirely new business models. And so it is imperative that C-suite executives and board members embrace digital innovation and tools not only to keep pace, but to thrive. This involves developing a core digital strategy, one that is built around an all-encompassing vision for the company and that touches all aspects of the business.

By being proactive in understanding, prioritizing, implementing and managing a digital strategy, companies can realize opportunities beyond what they could have imagined just five years ago. The effective use of digital tools allows for increased productivity and efficiency, heightened competitive advantage, stronger employee engagement and greater customer insight. And that's why C-suite executives across every industry say digital innovation is one of the things that keep them up at night.

GE, a ripe 125 years old, may well be the poster child for quickly adapting to the digital age. As the company found itself facing competition from both traditional equipment companies as well as from tech startups, GE transformed itself from its traditional industrial roots to a highly digital-centric business selling software and data analytics capabilities.

GE's senior leadership team dedicated itself to connecting the industrial world to the digital future. As former CEO Jeff Immelt once said, "If you woke up as an industrial company today, you will wake up as a software and analytics company tomorrow."

With strong direction from its CEO and senior leadership team, GE brought in new, digitally focused senior-level people, signalling to the entire company that everyone would be expected to immerse themselves in digital tools. This top-down digital vision pushed GE to create a wide range of big data services and to become a leader in both the industrial and digital technology worlds.

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A 2015 global survey of managers and executives conducted by MIT Sloan Management Review and Deloitte revealed that while 90 per cent expect their industries to be disrupted by digital technologies to a great or moderate extent, only 44 per cent believed their organizations are adequately prepared. Similarly, according to a 2017 Boyden survey of more than 1,200 American adults, over half (53 per cent) believed the management or senior leadership at their company is unprepared to implement a successful digital strategy. Only 14 per cent said their company's leadership is "very prepared."

How can executives and other leaders prepare themselves for the digital future and capitalize on digital capabilities? Here are six axioms to help implement a strong, corporate-wide digital strategy.

— **Send direction from the top.** Though there are a wide variety of opinions about who is best suited to spearhead and manage the execution of a digital strategy, there is consensus that direction must ultimately come from the CEO. Only a CEO has the authority, platform and influence to effectively enable such large-scale transformation. The CEO, not the CDO or CMO, must send an internal signal to encourage digital transformation at all levels of the business.

— **Ensure everyone contributes.** A digital strategy must be built around an all-encompassing, corporate-wide mandate. This strategy must be core to the business and require that all aspects of the business engage with digital tools. Though direction must come from the top, all employees must incorporate digital processes into their daily operations.

— **Hire digital talent.** Bringing on people with digital experience will demonstrate a clear commitment to enacting a deep digital strategy, while also helping to embed digital DNA.

— **Implement training programs.** Digital training programs must involve both junior and more senior-level employees, as the need is underscored by a generational gap in digital fluency. Upward mentoring is a highly effective form of training, as it allows senior-level individuals to gain an appreciation for and refine their digital skills.

— **Develop new KPIs.** Like any investment in a new asset, data show an immediate negative return on investments in digital capabilities. However, they build valuable social capital, market understanding and brand equity. By developing a new set of key performance indicators (KPIs) that employ different measurement methods, a sound case can be made for the value of digitization.

— **Refine natural leadership skills.** All that said, there is no replacement for the natural leadership skills that can take the company through digital disruption. Armed with innate curiosity, the trust and respect of employees, and the ability to inspire others, the C-suite can move the company toward an effective digital strategy.

Digitization offers immense opportunities for all organizations — and for many industries and companies, it is imperative for survival. In order to realize the benefits, companies must navigate an array of challenges and uncertainties. Executives must, especially today, lead with confidence, determination and vision — by committing to exploring the value of digital capabilities, immersing themselves in the lexicon, and steering their companies through the uncertainty.

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