

## CIONET UK COMMUNITY PROGRAMME 2023

# HOW TO LEAD AS A CIO

IN THE DIGITAL WORLD

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**Discussion Documents** 

### CIONET UK Community Programme 2023 How to lead as a CIO in the digital world

This article is written by <u>Roger Camrass</u>, Director of Research for CIONET International. The content is based on the fourth UK Community Programme event of 2023, held on 5th July 2023 at the Institute of Directors in London and attended by 100 digital leaders.

#### The context for the event

The pace of change across the technology landscape continues to quicken. Innovation comes in many forms, whether it's the adoption of the Internet of Things (IoT), the implementation of immersive technologies or the exploitation of generative artificial intelligence (AI).

Every organisation must explore how these innovations will affect its business and its customers during the next decade. CIOs will be expected to help their organisations shape a business strategy that places these innovations at the front and centre. Yet at the same as they're executing innovation, CIOs will still be required to 'keep the lights on', ensuring day-to-day IT systems are secure, resilient and operational. We believe that this dual role of innovation and operation calls for new digital leadership capabilities.

Our first two CIONET Cookbooks describe what we call 'the recipes for digital success'. These recipes suggest successful CIO leadership is characterised by five factors: curious, purposeful, imaginative, authentic, and dynamic. In this Community Programme event, we asked established leaders to share their insights into how they believe the role of the CIO is evolving.





## Session One: A Master Class by Breno Gentil, Senior Director of Digital and Technology, Heineken EMEA

#### 1. What should CIOs contribute to corporate strategies, such as Heineken's EverGreen?

In 2021, Heineken gathered its top 200 executives to develop a new business strategy known as EverGreen. In the words of the company's CEO and chairman, Dolf van den Brink: "EverGreen will help us meet the demands of a fast-changing world and adapt more quickly to new opportunities and challenges." Heineken's EverGreen strategy aims to mobilise the organisation and empower its staff. IT plays a central role in this strategy and its execution.

Breno says the key role of the modern CIO is to focus on business and people leadership rather than being limited to technical responsibilities: "It is about bridging the gap between the business operating model and what technology can offer the organisation." Breno also says technology should be used to help reimagine the business, providing greater efficiencies and accelerated revenue growth.

Heineken has several strategic pillars, which include customer centricity and sustainability. One of the most important priorities for the company is to become a digital business. This is the primary area where IT can play a key role in shaping the company's strategy.

#### 2. How can the CIO help in strategy execution, especially around culture and people?

Breno believes CIOs have ample experience to be on par with other C-suite members. CIOs operate across the organisation, which allows them to identify and remove functional silos that impede performance. IT extends to every business area, from product development and manufacturing to supply chain and customer service. By using process and system thinking, CIOs can identify blockages and implement workarounds. For example, process automation can help organisations overcome rigid functional structures and create a process-centric organisation that is agile and responsive to the marketplace.

Technology also plays a vital role in accelerating revenue growth. Although it might be perceived from the outside as a traditional product-manufacturing company, Heineken is developing a digital front end that understands and responds to the needs of its various customers. Breno believes more pioneering developments are coming and suggests the opportunity to deploy AI and other emerging technologies will be a game-changer.

#### 3. What technology underpinnings are key to implementing a change strategy?

Breno recognises that Heineken requires large amounts of power and other resources in some of its key business areas, such as manufacturing and logistics. As part of the company's EverGreen strategy, his task is to help the business measure, monitor and optimise its energy consumption. Breno stressed the critical role that data, IoT and AI will play in helping Heineken to optimise its energy consumption and deliver its EverGreen strategy.

Data also takes a central role in making the organisation more adaptable to market trends. As a 150-year-old company, Heineken has expanded globally through multiple acquisitions. The firm has also empowered its national-level organisations to develop their applications. These acquisitions and national-level developments have led to data fragmentation, which must now be overcome through cleansing, securing and analysing information to deliver global visibility across the brand and its products.

The EverGreen strategy aims to simplify and modernise IT systems to give Heineken the adaptability it needs to compete long into the future. The IT department has already adopted public cloud platforms to replace on-premises hardware as part of a move to energy-efficient hardware. Heineken's board recognises that investing in modern technology can be expensive, but it also recognises these platforms are crucial for sustainable, long-term growth. In all businesses, CIOs must argue the case for modernising core infrastructure and re-platforming applications. Breno says tactical and strategic improvements should be undertaken in parallel.

#### 4. What are your guiding principles for fulfilling a leadership role successfully?

Breno offered two guiding principles that have enabled him to succeed as a digital leader. First, inform your IT and business organisation about the purpose of technology-driven growth and innovation. Until people buy into your end goal, the transformation will often fail to deliver the promised results. Successful digital leaders must be outstanding storytellers.

Second, trust and empower your teams and hold people accountable for their actions. In an agile organisation, people operate in semi-autonomous teams. The CIO sets direction and gives each team a high level of autonomy. As organisations become more agile and adaptive, the teams that work on projects spread beyond IT and encompass every business function. Empowerment then becomes the mantra of an effective, modern organisation.

Breno agrees with many of the key characteristics of digital leaders that CIONET has identified through its European research. In his view, the list of key characteristics for modern CIOs should include purpose, curiosity, imagination, dynamism, and adaptability. Breno says it's crucially important that CIOs create trust by being authentic.

#### 5. What leadership learnings have you acquired during your career?

Breno emphasised how it's vital that CIOs focus on their role as digital leaders. He described the many distractions that can interfere with a CIO's day job. These diversions can create noise that disrupts you from your purpose. He used an analogy from *Star Wars*, suggesting "your focus determines your reality".

He also stressed how it's critical that CIOs believe in themselves. CIO is a demanding role that's often difficult to execute. Breno says a great leader has the self-confidence to overcome obstacles that can deflect you from your chosen path. Leaders should keep their teams close to maintain focus.



#### 6. What advice would you give aspiring digital leaders to achieve their ambitions?

Breno advises aspiring digital leaders to be open and to learn from others. He stresses the importance of finding strong mentors throughout your career. Mentorship is something that has helped him to succeed in both his past and present roles. He also believes constant feedback is essential in helping you to develop professionally.

#### Session Two: Panel discussion

Five distinguished panellists were asked to comment on leadership traits and their importance to the CIO community. The panel included:

- Stuart Birrell, Chief Data and Information Officer EasyJet
- Faye Roth, Chief Technology Officer CVS Group
- Tarun Kohli, MD, Group Delivery Services, Swiss Re Group; Chairman, Swiss Re Solutions – Swiss Re Solutions
- Phil Le-Brun, Director of Enterprise Strategy AWS
- Lily Haake, Head of Technology and Digital Executive Search Nash Squared

Here is a summary of the topics that were discussed by the panel.

#### Where can digital leaders play a strategic role in organisations?

Tarun Kohli said companies need a business strategy for a digital world. He suggested this requirement will necessitate a complete refresh of current strategies that have supported heritage companies for decades and sometimes centuries. Tarun said business strategies in our digital world should reach beyond traditional sector boundaries and instead engage various ecosystem partners in all industries to deliver new sources of customer value.

Stuart Birrell agreed with Tarun's viewpoint and explained how EasyJet is an operating company with hundreds of physical aircraft and thousands of crew members. He said digital is the front end of the business, where effective engagement with customers is critical to success. Phil Le-Brun saw an equivalence with McDonald's restaurants, where he spent almost 25 years helping the company embrace digitalisation. One of his key contributions was introducing flatscreen technologies, which brought innovation to order-taking processes. In the case of both EasyJet and McDonald's, the scale of operations and the efficiencies that effective digitalisation can bring to the business are critical to long-term strategies.

#### How can digital leaders influence the board?

Businesses in all sectors used technology to cope with the coronavirus pandemic. Stuart described how the post-COVID era has heightened the board's interest in how digitalisation can be used to help the business respond to changing customer habits in key areas, such as payments. He advised other digital leaders who are looking to influence the board to decide on the most important factors for the company and then focus their attention on a few individuals on the board who can act as influencers or mentors in selling technology-led proposals. Stuart spends most of his time on business rather than technical matters. His business-savvy nature means the board has appointed him as group transformation director, which is a role he fulfils alongside his responsibilities as CIO.

All panel members agreed that digital leaders must provide a convincing case to boards to modernise core infrastructures and applications. Making this case isn't easy in a costconstrained environment. However, a strong case is a necessary first step in a longer journey towards delivering an agile and responsive digital business structure.

Tarun said one way to convince the board to invest in new technology is to conduct short one- or two-day experiments, which deliver 'clickable' prototypes that demonstrate the benefits of digitalisation. If the board shows interest, the next step is to find a paying client to take the idea forwards. Gone are the days when boards sanction long-term investments with no immediate returns. Phil said digital leaders must demonstrate clarity of purpose to influence their board members effectively.

#### What are the qualities of successful digital leadership?

Faye Roth said long-standing perceptions of CIOs as techies continue to persist in some organisations. In an ideal world, CIOs would prove their abilities and then be given the opportunity to rise to the upper echelons of the business. However, the road to a CEO position is frequently blocked by the CFO, who is seen as a safe pair of hands. Stuart considered the inability of CIOs to break the glass ceiling as a generational problem, where CIOs have been too closely associated with the back office rather than the front end of the business. Large-scale, back-end ERP projects have helped to establish this perception. However, the new generation of CIOs fully engages with technologies that impact the end customer.



Lily Haake commented on the growing confusion over the broad range of digital leadership titles, which includes CIO, CDO, CTO, CISO, and more. This lack of consistency complicates the role and hinders the prospects for promotion. CIOs must demystify these titles to acquire the necessary authority to transform their organisations. Lily said CTO should be considered the external face of the IT organisation, bringing new ideas into the business. CIO should be seen as the consumer of these ideas, helping to lead the company into the digital era. She favours hybrid titles, such as CDIO, that cover both aspects of the digital leadership role.

Faye said successful leaders are great collaborators. In a successful business, everyone works harmoniously to achieve the desired outcome. Empathetic leadership is a crucial factor in creating a harmonious workplace. While empathy is a characteristic that is often associated with female CIOs, Faye said it's important to recognise that all business leaders – regardless of gender – have a personality that draws on a spectrum of capabilities, such as empathy (EQ) and intelligence (IQ). Phil said successful CIOs are willing to experiment and think big, while also remaining grounded in the current business.

#### How can CIOs deliver successful digital transformations?

The discussion focused on the ideal length of stay for a CIO in a particular organisation. Phil spent almost 25 years with McDonald's before joining AWS. He said a long tenure gives a digital leader a deeper perspective on how organisations function culturally. This in-depth awareness helps CIOs to deliver successful business transformations.

Tarun said inclusivity is the secret source for successful transformations. This inclusiveness should include diverse teams within the organisation and a broad range of external partners drawn from wide ecosystems. He said digital transformation should reach beyond sector boundaries and involve non-traditional partners.

Stuart said boards should stand back from digital transformation programmes and not be influenced by the data. Senior executives need to understand the value created in the longer term rather than focusing on short-term, day-to-day practicalities. Trust is an essential factor when appointing leaders to oversee transformation programmes. Many boards are beginning to boost their awareness of all things digital through the appointment of non-executive directors (NEDs), many of whom are chosen for their digital know-how. The widespread use of NEDs is opening new doors for aspirational digital leaders.

#### Conclusion: Adopt leadership qualities now

Roger Camrass thanked the speakers for their valuable insights and the audience for their enthusiastic participation in the event. He repeated the essential digital leadership characteristics, including curiosity, purpose, imagination, dynamism and adaptability. He encouraged the delegates to read the second edition of the CIONET Cookbook, which was available to everyone who attended the event.

In delivering his conclusions, Roger emphasised how we are pivoting from an analogue to a digital era of business that requires new leadership characteristics. This pivot will demand a "change of guard" at the top of the business and the demolition of multiple management layers. It is only by embracing this change in leadership that businesses will be able to survive and flourish in the fast-emerging digital economy.







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A pioneer of today's Internet as an ARPA research fellow at MIT in the seventies, Roger has spent over forty five years helping corporations harness the power of new technologies such as cloud, mobile communications, e-commerce, voice recognition and satellite. He was a partner at EY responsible for e-commerce during the dot.com boom. He is a graduate of Cambridge University and MIT, and a visiting professor at the University of Surrey.

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