

Study: Digital Leadership Turns Into Better Business Performance

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A new study conducted by Harvard Business Review Analytic Services, in partnership with Red Hat, has found that companies in which understanding technology trends is a priority realize an actual dollars-and-cents payoff.

[This research](#) cements the notion of the importance of the CMO-CIO relationship, as businesses evolve toward an increasingly digital landscape.

“Organizations with strong digital leadership and management experience higher profit margins and revenue growth,” said Jackie Yeaney, EVP of strategy and corporate marketing at Red Hat, in an exclusive interview with CMO.com. “But it’s not just up to IT leaders to understand digital technology. All business leaders—particularly those in marketing—need to understand what new technology capabilities and digital mind-sets can do for their businesses.”

According to the research, companies that excel in digital leadership were significantly more likely to experience revenue growth of 10% or more over the past two years. But at a time when many companies are thinking about digital transformation, less than a quarter (23%) of all 436 survey participants said they are confident their organizations have the knowledge and skills to succeed in digital. Companies that have a clear vision and strategy for digital transformation coming from the top, as well as the people, processes, and technology needed to execute against that vision, were significantly more likely to see tangible business results, such as revenue growth, according to Red Hat.

The report also confirmed that IT spending is continuing to shift out of IT and into other departments—marketing, in particular. While having more money to spend on technology presents great opportunities for CMOs, Yeaney said, 49% of marketing leaders said their departments often initiate IT projects with little or no direct IT involvement. That’s worrisome because 45% of those surveyed said they do not think they have the technology knowledge needed to succeed in their jobs. The need for CMO and CIO alignment has never been greater.

“Now that CMOs are getting more technology funding than in the past, we need to be sure we’re using it strategically,” Yeaney said. “This goes beyond spending money on new Web sites and social media initiatives. It is time for CMOs to create a digital vision and road map for their organizations. That doesn’t mean you need to try to become the next Google in terms of digital tools. But it does mean that every company should have a digital vision that is authentic to their brand, growth/market aspirations, and business goals. Additionally, this research should really get CMOs thinking about their talent pool: What digital skill sets do you have today, and how should you shape your teams for the future?”

The survey also revealed that marketing business leaders are eager for digital knowledge—especially when it comes to data—with 73% rating analytics extremely important to their areas of the business. Just 20% rated their own analytics knowledge and skills highly. What’s holding them back? Forty-five percent said lack of an appropriate forum, and 34% said their IT leaders are too busy.

The research had a couple of implications for CIOs, among them: A significant percent of employees (46%) said they believe it is the CIO’s job to help the entire organization learn about digital trends.

“CMOs must build a strong and mutual partnership with the CIO and IT organization,” Yeaney said. “This research is as much a ‘call to arms’ for the CIO as it is for the CMO around how to evolve and transform your organization through digital technology.”

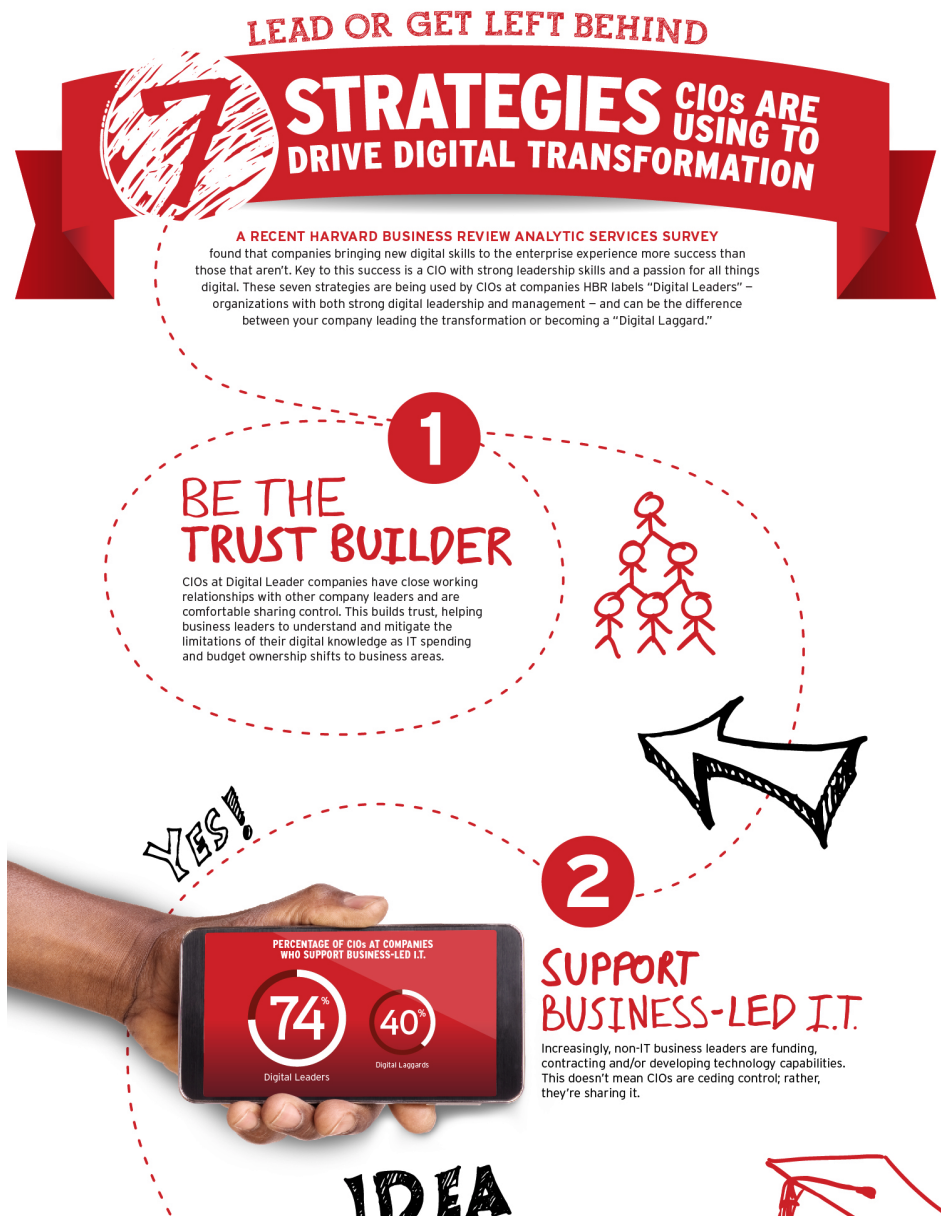
CMOs need to empower their teams to learn more digital skills and use more digital tools, she added. Marketing leaders should consider offering training, tools, and external agency support to help educate marketers on digital technology.

“They don’t need to become IT experts, but they do need to understand what technology can do for your organization,” she explained.

The final must for CMOs is to create a “digital army.” Yeaney suggested finding people internally who are already digitally savvy and turning them into an “army of ambassadors.”

“Allow them to take on more strategic roles,” she said. “Find ways to help them coach others internally and leverage their passions for digital technology in a way that benefits the whole organization. You can do this on an individual level or by creating centers of excellence for developing and sharing best practices.”

The following infographic was produced by Red Hat. Click on it to view a larger version in a new window.



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GO THE EXTRA MILE TO FOSTER DIGITAL LEARNING

Raising the digital skills bar is important to CIOs at Digital Leader companies, where 60% report having CIOs who are educating and empowering line of business leaders in digital knowledge. Additionally, 70% report having IT departments that provide useful knowledge to employees about technology.



4

BE THE GUIDE TO WHICH THE ENTERPRISE TURNS

Business leaders want their CIOs to better understand digital trends. At Digital Leader companies, CIOs are more likely to guide them.



5

SPEAK YOUR AUDIENCE'S LANGUAGE

IT jargon can be a barrier to digital learning. 67% of IT departments at Digital Leader companies understand what is relevant to each business area and how to speak to their business peers about business activities and outcomes – in business language, not IT's.



6

TELL THE ENTERPRISE WHAT'S POSSIBLE

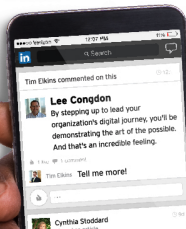


CIOs at Digital Leader companies are more likely to understand the strategic possibilities in new digital trends. They help business colleagues understand which digital knowledge and skills need to reside in their function, and which they can leave to IT.



7

ENGAGE EXTERNAL



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EXPERTS TO STAY CURRENT

Innovative new technologies emerge everyday. CIOs at Digital Leader companies are more likely to engage with outside experts to address specific trends for different parts of the business.

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