How should you hire a Chief Digital Officer (CDO)?

Our earlier article discussed the need for a CDO – read it here, if you haven't read it yet. Here is a snapshot of key questions you must have answers to, when you start hiring a CDO...

Value Chain

Where do you want Impact?

Where do you see the maximum opportunities to leverage digital in your business value chain? Typically, opportunities abound, in 3 broad areas:

1. **Connecting the internal organization** (e.g., connected machines, digital work-flow),
2. **Connecting Organization to the external eco-system** (e.g., digital supply chain, apps for customers to order), and
3. **Connected products & services** (e.g., smart products).

While it is natural to be able to find themes in each of the above, it would be optimal to identify the one area that is going to be your thrust. The type of CDOs who can deliver (1) vs (3), are very different.

Questions to ask

1. Where in the value chain do you see maximum value for digital intervention?

CDO role is new

NEW JOB

What role should the CDO play?

When we studied the market some time ago, less than 35% of the companies had hired a CDO – this is fast changing, but a prevalent misconception is that a CDO is a technology role and that existing Head of IT could become the CDO, or handle it as an additional responsibility. Far from it.

CDO is a business role with a technology angle to it (and not a technology role with business angle to it). And it has to be a **full-time role**, if it has to create impact.

Questions to ask

1. Is there someone in your Top 10 team, who brings strong business understanding and a technology orientation?
2. Can you spare him/her for a full-time CDO role? Do you have a succession ready?

Key questions to ask yourselves, while setting out to hire CDO

Diverse back-grounds

Who should you hire?

CDO talent market, unlike the talent market for more traditional CXO roles, is very nascent and fast evolving. The above study also indicated that CDOs come from very diverse backgrounds:

- Average age of 46, but age ranged from 30-56!
- 86% were engineers (not much diversity there!)
- Just 22% came from IT background, others were from operations, S&M and other business roles In short, you find a wide variety of backgrounds who have taken on the role of a CDO
- Less than 50% of the CDOs have been in their role for 2 years or more
- Only 48% were internal movements, 52% were hired externally

Questions to ask

1. How senior should the hire be? Better to hire senior than junior; in any case, CDO should report to CEO and not to anyone else
2. How large should the team be? Better to start lean and add cautiously

> While it is wise to learn from experience, it is wiser to learn from the experiences of others.
>
> — *Rick Warren*

How to extract value?

Experience of implementing digital transformation in other firms, shows following key patterns:

- Digital is fuzzy when it comes to actual initiatives, across almost all firms
- Other CXOs don't spare as much time as they should (optimally, 15% of their time), hence initiatives don't take off or get seriously delayed
- No need to create from scratch – there are enough start-ups and vendors with solutions, the need is to stitch them wisely
- Keep a lean team, take 3-5 initiatives but see them through; resist temptation to keep adding

In short, the CEO/MD + CXO team need to take active role in shaping the role and extracting value.

Questions to ask

1. Is the CEO going to take ownership of the digital goal posts and manage the CDO?
2. Is there tolerance to experimentation?
3. Is there a real commitment to making necessary investments?

Questions or need help in hiring a CDO? Please reach out to mona@resource-bridge.com. We are a retained, specialized search firm, focusing on 4 CXO roles only - CEO, CFO, CDO, Head of Strategy.