THE CHIEF DIGITAL OFFICER

WHAT IS THIS ROLE, AND DO YOU NEED ONE?
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THE CHIEF DIGITAL OFFICER: AN OPPORTUNITY FOR YOUR COMPANY OR CAREER?

Move over Big C’s and add a seat at the table for the Chief Digital Officer (CDO). But is the CDO a hot seat to be quickly vacated or one positioned to the right of the CEO?

Digital technology and processes are pervasive in any organization with more than a few people or customers. As consumers, we’ve all experienced the “digital revolution,” characterized by social media, mobile technology, targeted e-Commerce initiatives, proliferating smart devices, and consumer analytics that identify our buying preferences. We demand a consistent, informative, and intuitive experience across all channels, all devices, and all forms of media. To thrive, organizations must embrace digital technology at every customer touch point.

Forward-thinking organizations created the CDO role to transform their operations and take full advantage of digital assets. The role started to gain momentum in 2010 and there are now approximately 1,000 executives with the CDO title across multiple industries.

Does your organization need a CDO? Is the role one you might aspire to? We talked to leading industry executives to answer these questions and more. Read on to find out what they had to say.

METHODOLOGY: THE LANCER GROUP SURVEY

When the CDO role first began to take shape and appear on organizational charts, we started asking questions. We wanted to present a knowledgeable, relevant viewpoint to our clients on both sides of the hiring experience.

We surveyed executives with current and past experiences as CDOs, CEOs, CIOs, CMOs, and board members. Advance questionnaires familiarized our audience with the questions, and then we followed up with 30- to 45-minute interviews. Each individual interviewed had either been in the CDO role, in an organization that has one, or had another firsthand experience with the role.

As you might expect, answers varied widely depending on the respondent’s background, industry, and organization, but in certain areas the responses were consistent. To encourage strong opinions, we guaranteed respondents that whatever they said would remain anonymous. Throughout this paper we use quotation marks and italics to share direct responses from our participants, but they are all without attribution.

As you can see from the following graph [See Figure 1], more than 60 percent of the survey respondents held CDO or Vice President of Digital roles, so their responses were quite specific. Another 23 percent were CEOs or Board members.

Figure 1: Survey Respondents by Function
Source: The Lancer Group CDO survey 2015
EVOLUTION OF THE CDO ROLE

The need for a senior executive to focus on the digital domain didn’t arise overnight. Until late 1992, the National Science Foundation managed the Internet backbone network and explicitly prohibited all commercial traffic. That changed in 1993, and commercial use of the Internet began climbing rapidly and has continued to do so.

In today’s exploding marketplace of broadband and smart devices, most industries have a major channel that is digital, in addition to their traditional channels. Digital data has become a key corporate asset, used to increase market penetration and give customers a more satisfying digital experience. We expect to be able to track packages, look up inventory, make reservations, or order products online from virtually any business anywhere. Providing strong customer options has become much more important than simply hammering home a brand awareness.

For most organizations, the “digital guru” role came about initially as an outward, customer-facing role:

“In our company, the responsibility for the ‘online customer experience’ evolved originally from the web responsibility, and then email marketing and content were added.”

The advent of e-Commerce created conflicts among the marketing, technology, and operations functions of the corporation:

“For us, the digital job really boiled down to who owns the digital customer.”

Other organizations focused on digital technology to meet an immediate requirement for managing proliferating hardware, or to modernize outdated manufacturing, product design, or distribution methods.

AN OFFSHOOT OF CIO AND CMO ROLES

Most people agree that the CDO job evolved from both the CIO and CMO roles [See Figure 2], and often shares some overlap with these positions. In the digital age, the CDO role combines what’s best about both functions—branding, promoting, and channeling products alongside enabling customers to inquire about, order, and manage their relationship with the company.

Many variables determine whether the CDO role evolved from the CIO or CMO role within a specific organization, including industry, importance of channels, target customer, historical organizational strengths, technology intensiveness, CEO vision and strategic direction, and even corporate politics.

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INDUSTRY ADOPTION

So where have the first 1,000 CDOs set up shop? Leave aside Internet-based companies such as eBay and Amazon, which have had digital as a key aspect of their marketing and customer approach from their beginnings. Which of the more traditional, customer-facing industries and organizations have decided that now is the time to make this role “the sharp point of the spear” for their digital future [See Figure 3]?

One survey respondent’s extensive experience at the intersection of technology and media gave her a front-row seat for the CDO role in that industry:

“What was interesting was that at the time XXX Corporation became far more active in digital pursuits because we had bought two large Internet-based companies, literally putting a billion dollars into kick-starting social media.”

This intersection represents the sweet spot for a CDO.
Many executives at traditional retailers believe that digital is the future for consumer retail:

“If I’m a retailer, my number-one concern would be to expand retail in multiple channels. But in the short term, my most formidable competition I’m facing is Amazon online. A digital focus is an absolute must.”

“Digital is the fastest-growing revenue stream for many retailers. My guess is that the share of consumer interactions going forward [that are] digital will be 95 percent.”

At this time, advertising has the greatest number of digital officers. One respondent said:

“This is probably because they are offering a professional service to both media and product, retail-oriented businesses.”

A number of new CDOs are being placed in the government sector, as executives there realize that the best way to communicate with and serve their constituents is via social media and through systems that interact with new consumer digital technologies and devices while reducing costs. A well-publicized example is Obama’s “Digital Czar.”

The majority of survey participants said that companies using CDOs are focused on e-Commerce. What was not mentioned prominently in the results—but which we feel is an extremely important category—is the conventional company in dire need of transformation...

Respondents from a wide variety of backgrounds agreed that a strong e-Commerce presence was an indicator for the CDO role:

“I think that the larger the role e-Commerce plays, the more you’ll start seeing the CDO role emerging.”

A brand marketing executive weighed in:

“I think it depends on the size of the company and how their products or services are shopped. So for businesses with an e-Commerce objective, even small, I can see the role of CDO becoming more important and common. The CDO bolsters the path to a purchase decision in an omni-channel environment.”

A CDO who has worked for three of the top 25 largest digital retail businesses said:

“I do think CDOs are more prevalent in retail organizations that tend to have high e-Commerce sales. When there’s a P&L, a scorecard every day, a company can easily justify another senior role in the organization.”

Others felt the role was a more universal one, not pinpointed to any particular category of company:

 “[This applies to] any industry where the consumer is gearing toward the digital format; companies need to follow the consumer.”

“So it doesn’t matter what industry you’re in because all companies need to react to the extraordinary shift in consumer behavior toward mobile and digital.”

An Executive Vice President of Marketing in the CPG industry felt communicating to customers was the true role:

“A CDO in our industry is mostly for marketing and communication relevant to our brand, whereas true brand-building comes from Creative Services.”

**COMPANIES USING CDOs**

The majority of survey participants said that companies using CDOs are focused on e-Commerce. What was not mentioned prominently in the results—but which we feel is an extremely important category—is the conventional company in dire need of transformation because their products, markets, and processes are threatened by competitors using digital to gain a competitive advantage.
A respondent within the digital media industry has specific experience observing the CDO role:

“I concluded that the CDO role was for companies where digital reports into the business unit, but there needs to be someone overseeing digital across those sections.”

WHO MAY NOT NEED A CDO?
Some types of organizations may not need a CDO, as this former partner from a tier-one strategy consulting firm said:

“Organizations shouldn’t just jump on the CDO bandwagon and begin digital for the sake of it, before a strategic analysis of what is needed from a target consumer or channel perspective, as well as what will work for your brand.”

There are two types of companies that don’t need someone in an explicit CDO role. The first type of company is one that has grown up as a digital organization, where digital and the functions of the CDO role are already an integral part of marketing, sales, operations, and the rest of the culture. For example, you won’t find a CDO at Amazon or Google because digital is part of every executive’s focus. There simply isn’t a need for a CDO to bring digital into the company.

“Organizations shouldn’t just jump on the CDO bandwagon and begin digital for the sake of it, before a strategic analysis of what is needed from a target consumer or channel perspective, as well as what will work for your brand.”

The second type of company that doesn’t need a CDO is one that simply doesn’t have a need to do any marketing, selling, PR, or anything else on the Internet. However, at The Lancer Group, we don’t believe there should be any companies that fall into this category. While we agree with the partner quoted above, that no company should be digital just for its own sake, we have yet to find any company where we believe they should have no digital presence.

WHAT DROVE CDO ROLE ADOPTION?
As with any strategic investment, the initial impetus for a CDO role is often related to the bottom line. You can affect the bottom line in two ways—you can increase revenue or you can reduce costs. In the non-profit world, you can increase your desired outcomes (e.g., votes or positively affected constituents) or reduce the cost to achieve the desired outcome.

One of the critical reasons given for having a CDO is the need for a cross-functional change-agent—a single leader is required to transform the organization.

At this point in its evolution, the CDO role is all about the revenue. The technology of social and mobile media has changed the behaviors, expectations, and buying patterns of almost all consumers.

One of the critical reasons given for having a CDO is the need for a cross-functional change-agent—a single leader is required to transform the organization. Assuming the CDO does indeed transform the business, the role will likely evolve over time. These transformations may be needed because of:

• Corporate politics that require a cross-functional effort to get two organizations to work together (to combat silos and lack of synergy).
• Evolving corporate goals (e.g., UPS changed from a logistics to a digital-processes company).
• An enlightened CEO anticipating the future.
• Efficiency/cost cutting (using digital to completely transform the efficiency of manufacturing and distribution).
• Competitive pressures or market realities (e.g., Amazon and Netflix).
• Channel disruption (as social media and mobility reinvent what it means to be connected to and engaged with the market).
• Customer expectations (usually young, media-savvy clientele).
• Product or service evolution (the technology available in the industry).
WHO FILLS THE CDO ROLE WELL?

Nearly everyone who completed the questionnaire could point to a particular executive who, or company that, filled the CDO role particularly well. Various consumer packaged goods industry respondents had specific knowledge of consumer companies:

“Kraft comes to mind. They’ve done a nice job.”

“I think that maybe some of the traditional brands, like Dove, have done a great job. Dove has done a tremendous job building the brand in omni-channel ways.”

A head of marketing and digital has followed one company’s digital success:

“Sephora is one example of driving a successful digital initiative. Their Beauty Insider program is a digital program that drives traffic both in-store and online. They have done so many physical and digital initiatives that have provided a bridge where (the CDO) could step to either. From a marketing perspective, so much of what they do is defined by digital—by email, online activity, coupons, etc.”

And of course, Google, Amazon, Facebook, and other Internet giants were often mentioned, but they do have the distinct advantage of having incorporated digital efforts into their companies’ DNA from day one. That’s very different than integrating a digital approach into an established off-line company, and The Lancer Group recommends caution for individuals moving from a traditional company to a digital one:

“Many times a company looking for a CDO says, ‘I need a Google executive.’ Google is the first place people look for a CDO, because they are doing it right.”

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REPORTING STRUCTURE AND FUNCTIONAL INTERACTIONS

Much has been written about whether the CDO function should report to the CMO, CIO, or directly to the CEO. It really depends on the company as well as the mandated responsibilities and goals. In general, the role usually falls between the CIO and CMO functions, and depending on the company and industry, it might lean one way or the other. But it could boil down to another question: Is it a staff role or a line-management role? Wikipedia doesn’t quite have it correctly defined: “The responsibilities of an organization’s CDO are varied and still evolving. The CDO is not only a digital expert, but also a seasoned general manager.” Well, it depends...

WHERE SHOULD THE CDO REPORT?

Our respondents largely believed that the role must be most aligned with the marketing organization and should report there:

“It should probably report to the CMO office, because it is the ultimate consumer touch-point.”

Wikipedia doesn’t quite have it correctly defined: “The responsibilities of an organization’s CDO are varied and still evolving. The CDO is not only a digital expert, but also a seasoned general manager.”

For example, the food and beverage industry is highly brand-conscious and clarity of ownership is critical:

“In my industry [food and beverage], I think that if you don’t have digital in-line with marketing, as in who owns the brand (identity, experience), you can run into some trouble not having the two aligned. I just don’t see the digital officers in the near-term having the consumer strategic foundation of a CMO in addition to having the technology know-how of a CIO. That’s really difficult for somebody to combine both technology and consumer strategic and be impactful in a meaningful way. I think that having the CDO not connected to the CMO could lead to some issues.”
A consumer technology executive doesn’t think a CDO should report to someone with his background:

“I do have a bias that over time this role needs to be more about market-facing issues than it is about internal issues, legacy systems, or platform-type issues. I think over time there will be more of an overlap to the traditional responsibilities of a CMO than the CIO.”

A few thought the CIO should be the boss, but this was a minority view:

“In my mind [the CDO should report] to the CIO, but that is just my experience. I think that e-Commerce fits under the CIO, so maybe the CDO is the CIO of the web? CDO of the customer experience?”

During the hiring process, and in the role’s definition, care should be given to ensuring strong CEO sponsorship for the CDO function. Even though we believe the CDO should be under the CMO to avoid conflicting marketing and brand approaches offline versus online, without that sponsorship from the top it will be difficult for the CDO to push through the cross-functional behavioral changes necessary for a traditional company to be successful in the digital world. If you’re asked to take on a CDO role without strong buy-in from the CEO and CMO, you may be setting yourself up for failure.

“During the hiring process, and in the role’s definition, care should be given to ensuring strong CEO sponsorship for the CDO function.”

THE MANDATE AND RELATIONSHIP BETWEEN FUNCTIONS

Whether the role reports to the CMO, CEO, or CIO, to be successful the CDO must be comfortable working with blurred lines of responsibility. Often the interfaces and interactions between corporate functions are the difference between success and failure in transforming a company into a strong digital player.

Because the CDO role is new, less defined, and often cross-functional, working between and across organizations is a mandatory skillset, as noted by many different individuals:

“The CDO has to bridge the gap and [reach] consensus across both the IT and the marketing organizations.”

“Of course the CDO had the backing of the CEO and we all knew we were behind the 8-ball on digital, but he was really great at finding out what was important to each organization, was sensitive to our biases and capabilities, and was able to gain consensus across the company on digital direction.”

“The CDO was responsible for taking that social media strategy and making it come alive, but the strategic objectives themselves came from the marketers. The CDO organization was the technical team that also had e-Commerce sensibility.”

Today we see two models for the CDO role [See Figure 4]:

**Figure 4: Two Models for Current CDOs**

**MODEL 1: OPERATING A DIGITAL P&L**

The CDO is a general manager, responsible for defining the role and structure of digital business and its P&L. This usually occurs in companies three to five years into their digital initiatives. This may be a large company seeking to gain cross-business revenue opportunities, or a small organization that started out using digital in a customer-centric emphasis. The mandate is to create and maximize digital sources of revenue and organizational cost-savings through digital infrastructure.

Several people explained the reasoning behind a CDO operating role within their organizations:
“Our revenue was increasingly driven by digital means, in our case selling digital apps that transformed a client-business. So my role was to accelerate that digital revenue growth and integrate digital channels so that we could put that digital content alongside a digital technology trend.”

A marketing executive that had interactions with a CDO added:

“I had direct revenue accountability, but many of the channels I was leading had broader brand awareness responsibilities. There were ROI targets, so naturally there was some tension around budget ownership with the CDO, who also dealt heavily with the channels.”

The CDO of a retail industry talked about why he was hired:

“At our company, they wanted to get back on that growth trajectory. The second thing is that they wanted to have a unified global approach to digital. Thirdly, they wanted to take innovation, heavily driven by digital, and have that role report up to a common leader, again globally.”

Others had no direct experience with the CDO as a general manager, but had interesting related opinions:

“But again, my impression of the CDO role is that if you don’t have operating control of an asset with a P&L responsibility, then it is often hard to understand what the metrics for success are—because it is amorphous, trying to maximize potential, trying to be strategic, trying to gain synergy.”

“If we think of a media company, they could deliver TV network shows via the web, across devices, etc. The CDO in that case should be responsible for the maximization of creating strategy, creating right content, distributing that content, and marketing that content. So I would think the CDO as higher on the totem pole and marketing serves one of the arms because the product itself is digital.”

“For there to be a true P&L responsibility (for a CDO), I think they would have to own the customer experience and also the acquisition all the way down to purchase and repurchase, that whole pack, driving the top line in the omni-channel mindset.”

The mandate is to create and maximize digital sources of revenue and organizational cost-savings through digital infrastructure.

MODEL 2: DIGITAL FUNCTIONAL EXPERT

This is the CDO as a functional (usually marketing) digital expert for the company. It’s most often seen when:

• There is a need to solidify functional digital strategy across business units.
• There is no one with digital technology knowledge within the organization.
• E-Commerce marketing is a major company focus, but P&L remains in the business unit.

Comments from the survey were varied and informative:

“The CDO must grow brand loyalty on social networks and other digital channels.”

“Some companies are so far behind that it makes sense to get the capabilities up and running and evolve fast. My sense is that they’re really focused on the e-Commerce aspect. I don’t know how much marketing they are actually doing. I would assume they have more of an IT, operations-oriented job?”

An executive within an international media company echoed the response from others in that industry:

“So I see CIOs and CTOs as titles being somewhat interchangeable. The CTO to me is about technology and is platform-led. When it is about data and information as the core driver, I see the CIO role. I see the CDO much more as somebody who is a product-oriented business-person who can maximize the overall experience.”

An executive with a digital background has a strong opinion:

“A digital person comes at it from the perspective of cloud computing, huge trends, and open APIs. How do I think about this new world of social, mobile, etc., and accessing all of that data in addition to all of my company internal data so that real-time analytics, decisions, and actions with customers can be made?”
CDO CAREER PATH

There are as many different backgrounds of current CDOs as there are of CDOs themselves. For the role to be successful there must be a good marriage between the individual’s personality and skillset, the stage of digital evolution of the hiring organization, and the commitment and mandate given to the role. If all of these things align well, the career move can be a lucrative one. An executive who takes on difficult, important assignments has opportunities to gain visibility, and potentially, be part of the succession that leads to the CEO role.

EXPERIENCE AND SKILLSETS

At The Lancer Group, we’ve seen CDO candidates come from three different career paths, including:

1. Strategy consultants who thoroughly understand digital and have sold digital strategies into other organizations.
2. The “old-guard,” who have been in the e-Commerce world from the beginning, including individuals with extensive careers in leading digital companies such as Google, Amazon, or Facebook.
3. CMOs from the technology industry with a pedigree in technology and marketing.

Although the experience within the CDO ranks often include both e-Commerce and corporate marketing (combined at 31.7 percent in the chart below), the predominant background is in digital strategy and digital media/marketing. This domain knowledge accounts for a combined 62.7 percent [See Figure 5].

An executive in the electronics industry outlined the possible backgrounds well:

“I think there are three different patterns: driven by digital marketing, digital commerce, [or] digital technology and structure. The background needed depends on the weight given to each one of those roles in the job description. If e-Commerce is integral to the future of the company, then e-Commerce history is important. If the organization thinks e-Commerce is peripheral and what they’re really looking for is branding and consumer, then someone with digital marketing experience … becomes a higher priority. Finally, if it’s more focused on an infrastructure level, that would be a different profile. And the role may evolve and then they will need different types of talent as the company continues to grow in whatever direction.”

The background and experience needed may depend on whether the role is just evolutionary, or if you add an “r” and it’s revolutionary.

“For large-company transformation CDOs, the person is often introduced from outside the organization, specifically for their capabilities in change management.”

“Having solid knowledge of ‘technology marketing’ won’t do it because what’s required in most cases is transforming how the firm/brand understands and relates to stakeholders (customer-clients) and delivering personal, individualized, and consistent purchasing experiences from all different angles.”

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Figure 5: Predominant Experience of CDOs
A consumer products executive with a brand marketing background watched one CDO try to transform her company:

“So really think through your first 100 days of how you’re going to affect change in the organization. So I guess it’s a little bit of ‘Change Management 101’ experience.”

Industries without a strong technology component valued a CMO-type background:

“In a financial institution, again the idea around the CDO role is interesting because they wanted a CMO-type person because of the channel management of the consumer experience.”

“I think retailers are more likely to want to have a background like mine (marketing branding), whereas the media companies really like the Google (channels) background.”

But a CDO in a technology company felt the opposite:

“It is difficult to be in charge of creating and implementing a digital strategy unless you thoroughly understand the underlying technology. You are there to enlighten the company as to what is possible digitally.”

**STEPPING STONE TO CEO?**

An individual who leads the digital revolution as CDO may have a very good shot at the CEO role. Much has been written about this career progression. This may be true in cases where the CDO has P&L responsibility over a large proportion of the business, or where the core business or service is a digital one, like in some digital media companies.

It’s certainly not a shoe-in for most companies, as you can see from the following responses:

“The other thing is that when headhunters approach me on most of the CDO roles, they tell me that the role is viewed as the successor to the CEO. So the companies are making that statement but I can’t discern whether it’s truthful or whether they’re just making the role more appealing.”

For some, the CDO role is not large enough to warrant a jump to the top position:

“I see it as the successor to the CMO, but not the CEO.”

“In some cases, the CDO will be the ‘C-executive’ responsible for an ever-increasing percentage of the company’s revenue or will be the executive with the vision for the company’s future. That makes him the next CEO. But more often than not, the role is not quite so large.”

A retail industry CDO said:

“I think that if there is a marketing or strategy mandate, then there is a higher percentage of CEO succession than in the IT-related mandate.”

One executive put a “time-limit” on the CEO stepping-stone possibility:

“In the next five to 10 years, I think you will see a lot of that. But when you think about the longer-term picture, there won’t be the CDO-CEO transition, because it in 10 years you don’t have an analytical bent to your skillset, you won’t be a good manager anyway. So it eventually resorts back to who is the better manager/leader, not digital expertise.”

An individual who leads the digital revolution as CDO may have a very good shot at the CEO role. Much has been written about this career progression.

**CDO CHALLENGES**

Several respondents brought up the risks associated with an imperfect alignment of skills and mandate:

“The ‘transformational CDO’ role is often political, and without unwavering support can lead to high turnover rates.”

“I think a lot of people are coming into the CDO role where the job description is less than clear-cut. Often times who is going to report to them has been discussed but not defined, so when they come into the organization they are discussing with peers what is going to be reported into them. So yes, it is very messy in that way.”

“So there is an organizational aspect of the company that the candidate must know—he must be organizationally savvy and know how to work inter-functionally or he will fail.”
A board member weighs in on career routes to the CDO:

“There are many less-senior digital managers from product, technology, or marketing backgrounds who grew up in the Internet, e-Commerce era. But there aren’t that many senior managers with that background who also have P&L and/or strategic skillsets. That forces many companies to take a gamble in their hiring for the CDO role.”

A consumer goods industry executive gave us a specific example:

“Use Nike as an example about eight years back: In an effort to accelerate the e-Commerce group the company hired a global e-Commerce officer who reported to the CEO, which emphasized the importance of e-Commerce. It was interesting to see that role grow to effectively the head of digital marketing role that grew into the head of brand, which is a huge responsibility. It’s interesting to see those effectively merge through the years.”

As shown in the graph below, “CDOs are not old.” Sixty-seven percent of CDOs are age 30 to 45. These individuals were starting their careers during the dawn of the Digital Age. The fact that 34 percent are in the 40- to 45-year-old range demonstrates that to rise to the C-suite, one needs many years of organizational experience [See Figure 6].

A financial industry executive knows about the difficulties of a young digital officer:

“The people who make good CDOs are not in their 50’s; they’re in their late 30’s or early 40’s. And I think this is the problem that people feel. Now there are young people in positions of authority who work with executives who don’t know what they do.”

FUTURE TRENDS FACING THE CDO

There are numerous trends in culture, business, and technology that will affect the long-term viability of an explicit CDO role. They may influence your decision to hire a CDO or even to become one. There will always be change—change in society, technology, and organizational development. The CDO role will continue to evolve as these changes affect how the organization interacts with the consumer or constituency, how its internal processes are affected by digital, and how much revenue comes from digital sources.

There are numerous trends in culture, business, and technology that will affect the long-term viability of an explicit CDO role. They may influence your decision to hire a CDO or even to become one. There will always be change—change in society, technology, and organizational development.

STRENGTHENING THE CDO ROLE

Trends emphasizing the CDO role include:

- Ever-accelerating technology such as game changers in manufacturing (e.g., smartphones, e-commerce, 3-D printing) and distribution (e.g., publishing on demand).
- Advancements in developing countries (e.g., mobility opening up vast new markets).
- Increased digitization of devices/physical assets (e.g., smart homes, smart and driverless cars, smart appliances (Internet of Things), wearable devices).
- Increasing merger-mania requiring cross-company and cross-cultural consistency.
- Increased need for internal scrutiny: compliance for medical, fiduciary, and liability purposes.

Figure 6: Average Age of CDOs
Source: The Lancer Group CDO survey 2015
WEAKENING THE CDO ROLE
Trends reducing the need for a CDO role include:

• The rise of a new generation of marketing leaders who already internalize the importance of digital as intrinsic to their role, without needing a separate CDO.
• The “transformational CDO” either successfully completing the role’s objective or failing to complete it.
• The increasing pervasiveness of digital experience in the general population. When customers have grown up taking email, the web, leveraging social media, and mobility for granted, the idea of treating digital as a separate channel stops making sense.
• Social computing dropping off as a revenue enhancer and becoming what it started out to be—a way for people to socialize.
• New and pervasive privacy laws reducing outward-facing data collection.

IN CONCLUSION: IS THE CDO A PERMANENT ROLE?
Our survey respondents have varying opinions about the longevity of the CDO role. Is it here to stay, evolving as fast as the digital world? Or will it go the way of Internet managers and be absorbed into other functional organizations as most companies integrate the Internet into their everyday operations?

Those who believe it will continue point to the thousands of new digital apps introduced every day, the geometrically increasing amount of data, and the relentless march of digital technology that has no endpoint. Those who feel there won’t always need to be a special point of emphasis on digital simply say, “Transform or die.”

Here’s what our experts said.

HERE TO STAY
Several industries and backgrounds were represented in this response. These respondents with consumer products backgrounds thought the role was just beginning and would be around for a long time:

“I think it is a position that is here to stay. It may look different and may evolve, but I think that as technology is changing, it is only going to become more fragmented and disparate and the understanding of that landscape from a business and technology standpoint will be all-important. I don’t see a traditional CMO or CIO ever having that role.”

“It’s more about continuing to evaluate the potential opportunities and being able to act on them by having a dynamic delivery method that is sustainable over time. The long-term companies will find that they can’t exist without emphasizing their digital channels.”

“Transform or die.”

Those who believe it will continue point to the thousands of new digital apps introduced every day, the geometrically increasing amount of data, and the relentless march of digital technology that has no endpoint. Those who feel there won’t always need to be a special point of emphasis on digital simply say, “Transform or die.”

LONG-TERM FAD
Those who weren’t sure, or who felt the role would eventually go away, had an equally strong voice:

“I think it is probably a long-term fad in the sense that over time solutions will emerge. Senior executives (of traditional industries) are now growing up in a digital world and eventually all executives will be comfortable digitally. But there’s still a long time before that is broadly true. In younger organizations, the newer Facebooks of the world, the need to have someone ‘be the digital guy’ is silly because everyone is digital.”
A number of consumer industry marketing leaders had similar viewpoints:

“As the CMOs get more familiar with digital, I could see the CDO going away. I think the CDO is interim. Basically, if the CDO is supposed to be marketing, then you will only need one marketing officer. And in today’s world, CMOs must be more than just ‘aware’ of digital.”

“I think that it is more of a trend, because as the trend grows there will be a lot of stepping on toes as to where one job begins and the other one ends—where the silos exist. So unless the company articulates that role very carefully, there is always going to be some overlap causing challenges. As these challenges get resolved over time, the need for the ‘transformative, silo-buster CDO’ goes away.”

Gartner agrees with this view, stating, “It’s perfectly natural to create a C-level role when the technology is new, but as the organization builds an understanding of that technology, it works its way back into core operations.”

The Lancer Group believes that the viability of the CDO role depends on the industry. If you’re in a technology industry, your company probably doesn’t need a CDO. If you’re already at the CMO/Vice President of Marketing level, then becoming CDO would be a lateral move at best. On the other hand, if you’re looking to move up into the C-suite then becoming a CDO can be a strong step towards the CMO/CEO role.

We think the specific title and the role of the CDO is a trend that will hit its peak in the next five years and phase out over the following decade. Regardless of title, to thrive in the evolving digital world organizations must have people with the digital skill sets—and mind set—discussed in this white paper.

ABOUT THE LANCER GROUP

The Lancer Group is a leading retained executive search firm that is trusted by private equity firms, their portfolio companies, and multinational corporations. With a highly collaborative and customized approach, we help our clients to identify and deliver high-impact leaders, including CEOs, CFOs, key C-suite executives, board directors, and private equity operating partners.

With relationships at over 50 of the top 100 private equity firms, we provide a full range of private equity advisory services, including deal origination, due diligence support, and introductions to backable executives. The firm also makes equity co-investments through its private equity affiliate, L Capital.

AUTHORS

JOANNA CHANG, Principal
joanna.chang@thelancergroup.com

Joanna manages senior-level executive searches for private equity funds and their portfolio companies as well as for public companies. Her practice includes: board director, CEO, COO, CFO, CMO, head of products, and head of sales.

Prior to joining The Lancer Group, Joanna spent over six years with Lancor where she helped scale San Francisco operations. Joanna’s experience, prior to her career in executive search, spanned public and private companies in the software, professional services, hospitality, and gaming industries. She was based in Shanghai and Macau, China, as Head of Marketing and Alliances for MGM Grand Paradise, and served as a business development and marketing executive for global software and services companies, including Vice President of Marketing for Augmentum, and divisional roles at Mercury Interactive, Adobe Systems, and Siebel Systems.

Recipient of the Hershorn Merit Scholarship, Joanna earned a master’s degree in business administration from The Wharton School, University of Pennsylvania, and a Bachelor of Arts in Psychology from New York University. Joanna speaks fluent Mandarin Chinese.

SIMON FRANCIS, Partner
simon.francis@thelancergroup.com

Simon’s practice focus is serving private equity and other illiquid investors, primarily running CEO, CFO, and C-suite searches for their portfolio companies worldwide. For fund GPs, Simon also has expertise hiring managing directors and partners—both scoping and executing searches for portfolio operations and operating partners, and building out senior deal teams.

Most recently, Simon was a Co-Founder and Partner for seven years with Lancor. In 2016, Simon led the merger of Lancor’s San Francisco and Boston operations with The Lancer Group. He is also the Co-Founder and Managing Partner of L Capital, the private equity investment affiliate of The Lancer Group. Previously, he was a Partner for nine years with CTPartners (formerly Christian & Timbers), where he was the Global Practice Leader for Private Equity, and he spent more than five years with Heidrick & Struggles in London and Menlo Park, California.

APPENDICES

APPENDIX A: CONFIDENTIAL QUESTIONNAIRE

BACKGROUND/CONTEXT

- What is your title?
- What is the length of time (years/months) that you have been a “Chief Digital Officer / Head of Digital / VP of Digital”?
- To whom do you report (by title)?
- What is the industry / vertical for your company?
- What is the revenue / headcount for your company?
- Are you an individual contributor, or how many people in total are on your team?

THE ROLE AND SPAN OF RESPONSIBILITIES

- When hired, what was your mandate?
- Could you give a few case examples of the kind of tasks that you are taking on today?
- How is your “success” measured?
- Give an example of a clear “win” where you and your digital team created substantial value.
- By job title, who reports to you today?
- Do you have a formal budget, and if yes, how is it set?
- What is the percentage breakdown in terms of how you spend your time?
- Describe your company strategy / planning (e.g., buy versus build):
  - Execution of strategy
  - Change management
  - Due diligence on technology / digital capabilities
  - Influencing to IT
  - Influencing to Marketing
  - Internal tasks
  - Other
- Do you have a “playbook” of best practices and approaches that you typically roll out? If yes, how would you summarize it?
- How often do you interface with the Chief Marketing Officer / VP Marketing?
- How often do you interface with the Chief Information Officer / VP IT?
- How would you describe the level of influence you have at the company? Scale of 1–10, with 10 being the greatest.
- In which area/organization of the company do you feel you have the most impact?
- Do you think there is a career path or opportunity to be the CEO (at this company or elsewhere)? Yes or No? Why?
- Did you push to create this role yourself and evangelize the benefit, or was the organization clear on the need already? Was there a market study by third-party strategy consultants done and implemented as a recommendation?
- If you could change one thing about the role of the CDO at your company, what would you change?
- What do you like best about your current role?

MARKET TRENDS

- How would you define the term “digital” at your company? Why do you think companies are now instituting the role of the CDO?
- Do you think the CDO role is permanent or a fad / trend?
- In your mind, was there a technological breakthrough that germinated this separate department / role? What caused this new role to be created?
- Is the growing prevalence of the CDO correlated to a particular industry or type of business?
- Which organizations do you admire as leading-edge when it comes to digital?
- Is there a perception (internal and or external) that this is a staff role to a “seasoned” but not necessarily mobile / social-savvy CEO?
COMPENSATION

• What is your current compensation?
  – Base
  – Annual discretionary bonus
  – If private, equity amount
  – Company-level stock / RSUs
  – If public, value of stock
  – LTIP
• On a scale of 1–10 (10 being delighted), how do you feel about your compensation?
• What are your MBO / bonus determinants?

FUTURE CAREER AND ADVICE FOR THIS ROLE

• Should you leave your current position, where do you see yourself next?
  – CEO
  – CMO
  – CIO
  – Other C-suite role
  – Professional services / consulting
  – Board service
  – Retired
  – Other
• What pieces of advice would you give to others considering this role?
• How do you see the Chief Digital Officer role evolving and maturing? What is your favorite war story as a Chief Digital Officer?
• What topics do you think a retained search firm should be addressing in this paper that we have not yet covered in this survey?

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