

Driving digital change during a crisis: The chief digital officer and COVID-19

Chief digital officers play a crucial role in driving the digital changes needed for their organizations to respond to the crisis and prepare for the next normal.

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Amid the humanitarian crisis that has upended lives and cast a veil of uncertainty over the future, one thing is clear: we are living in a much more digital world. As governments around the world institute nationwide lockdowns, the demand for digital services and products, from both customers and employees stuck at home, has hit record levels.

McKinsey’s consumer-sentiment surveys have shown how significantly online sales have increased across the globe, with new digital activities—from ordering groceries online to telemedicine—becoming standard behavior. At the same time, hundreds of millions of remote employees are relying on collaboration tools and online processes to get work done.

This new digital reality presents a unique challenge for chief digital officers (CDOs). Often the most digital person in the organization, the CDO, as “transformer in chief,” is charged with leading a business’s digital transformation while working closely with the CEO and the C-suite to help shape the business response to the crisis. Since the CDO role is relatively new, this is also likely to be the first major crisis he or she

has faced. As such, the CDO now also has a true opportunity to demonstrate resilience in a crisis by driving the digital changes a business needs to survive.

Having spoken to many CDOs since the crisis began, and relying on our experience in helping businesses navigate crises and drive digital transformations, we believe CDOs can lead their companies’ digital response across four dimensions: resilient leadership; recrafting the digital strategy and rebalancing the product road map; engaging with customers; and updating agile practices to accelerate remote delivery (exhibit).

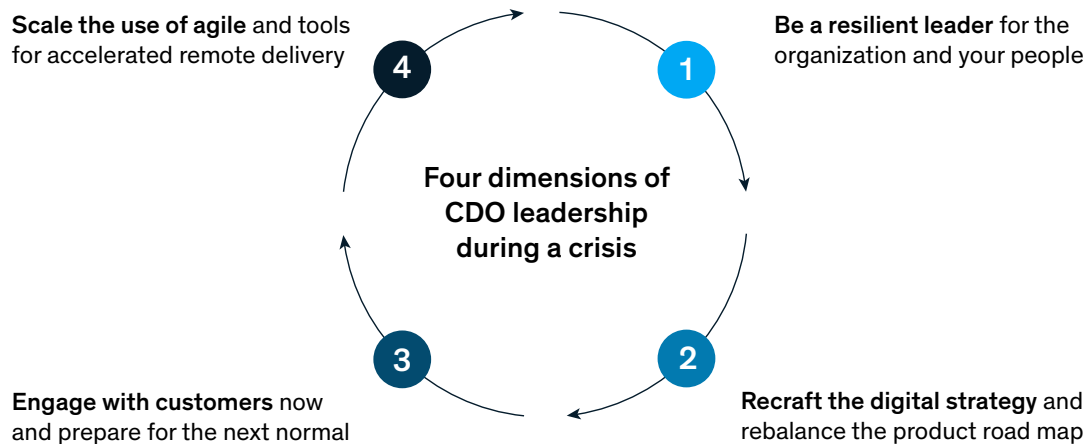
1. Be a resilient leader for the organization and your people

The coronavirus is a humanitarian crisis that is wreaking havoc on people’s lives. Amid the fear, confusion, and disruption, CDOs have a leading role to play in supporting their people by reassuring them with empathy and clear action.

The shift to working remotely and the “all-hands-on-deck” demands to manage the crisis have put incredible pressure on people. If poorly managed, this situation could lead to burnout. CDOs should

Exhibit

To lead their companies’ digital response to the crisis, chief digital officers must act across four dimensions.



be considering how to build in work flexibility to account for employees taking care of kids at home by, for example, shifting schedules; ensure access to resources such as tools and information-sharing intranets; educate less digitally fluent colleagues so they don't feel overmatched by new demands with, for example, brief training sessions; and have frequent touchpoints such as digital town halls and pulse surveys, to gauge people's mental and physical well-being. This goes beyond the typical work check-ins and is absolutely necessary to help employees deal with the unprecedented stress of this current environment. People are a company's most precious resource, and how successful a CDO is in making sure that his or her employees are as healthy and supported as possible will be a testament to his or her true leadership skills.

That focus on connecting with people extends, of course, to the C-suite. Given the cross-functional nature of digital transformations, the CDO should be in constant communication with key leaders to help them navigate the crisis and prepare for the recovery. That could mean working with the CFO to identify digital initiatives that can help build up cash reserves, aligning with the CIO on technology priorities to support prioritized digital programs, working with the CHRO to determine talent needs given accelerated digital programs, and, of course, working with the CEO to mobilize the organization around concepts that, in many cases, are new or not particularly well known to him or her, such as digital elements of the operating model or digitally driven business models.

2. Recraft the digital strategy and rebalance the product road map

To meet the surge in use of digital channels by employees and customers, CDOs need to focus both on short-term needs and on developing a clear perspective of the business's longer-term digital future.

Our previous research has made it clear that the best-performing companies have a digital strategy that's tightly aligned with the business's overall strategy. While the COVID-19 crisis has introduced significant uncertainty about what the future holds, CDOs can help to develop digital strategies based on scenarios detailing customer behavior shifts, business-model opportunities, and their implications on digital and technology choices. They can help determine where potential sources of value might lie and determine which assets the business has—such as data, ecosystem collaborations, and platforms—and which business models to develop to help capture that value.

At the same time, the CDO should work closely with his or her product leads as well as with the CMO and CIO to shift product road-map priorities so that resources are available to address the most pressing needs, such as the following:

- **How to serve customers in a manner that safeguards their health**, such as launching QR payments or building contactless product-delivery capabilities. In the United States, Walgreens has launched a service where associates assemble orders and deliver them to customers at a drive-through window.
- **How to digitize interactions that used to be handled in person**, such as renewing debit cards or ensuring services. China-based Ping An Bank rolled out new “Do It At Home” functionality, which resulted in more than eight million page views and nearly 12 million transactions in two weeks. Singapore-based DBS used the CamelONE portal to settle trade-financing transactions.¹
- **How to help transition customers from offline to online channels**, such as creating incentives and support infrastructure (for example, scaling up help desks).

¹“DBS accelerates trade digitalization efforts with more ‘industry firsts’ to drive greater efficiencies for customers,” DBS, March 2, 2020, [dbs.com](https://www.dbs.com).

- **Identifying back-office tasks that can be digitized and automated to support employees working from home**, such as code tests and expense approvals.
- **How innovative solutions can be rapidly delivered as minimum viable products (MVPs) to meet immediate customer demands**, such as apps for access to healthcare or food delivery. Certain mobile-network operators are providing online coupons to customers for free mobile data for up to two months, while some media companies are offering free e-book and e-magazine subscriptions.
- **How to work with regulators to help solve pressing customer issues.** In telemedicine, for example, some regulations have been temporarily sidelined in an effort to accelerate how doctors help patients during the COVID-19 crisis. CDOs have a natural role in bringing together relevant parties from different functions across the business to be prepared to act in the case of changes to regulations.
- **What infrastructure needs to be in place to support the development of new digital channels and customer experiences**, such as using microservices or migrating particular capabilities to the cloud to enable rapid provisioning and load balancing.

Additional capacity will be necessary to deliver on this changing road map. The CDO should work closely with teams to temporarily reallocate digital staff and use outsourcing options for temporary staff augmentation. In the case where new people are needed, the CDO should work with the CHRO to create a plan for hiring people in the short term, including understanding how to find talent in previously unexplored geographies and use videoconferencing tools to conduct interviews remotely. Furthermore, given the paramount importance of talent, the CDO should develop a perspective on what sorts of talent will be needed in the future when the recovery comes.

3. Engage with customers now and prepare for the next normal

The best CDOs act as the voice of the customer and ensure that the customer is at the heart of all decisions. In the current environment, that means developing a clear view of how customer habits and behaviors are changing, which of them are likely to stick, and what the implications are for the business. This customer perspective should be communicated to both the C-suite and the entire organization.

Since customer behavior is in the midst of a massive shift, CDOs cannot rely on past truths. What's crucial is putting in place practices that allow for a continuous reevaluation of customers' priorities through test-and-learn exercises, close monitoring, and data analysis. A caring organization will also engage with customers for feedback beyond the usual channels.

CDOs should emphasize design-thinking principles, which are predicated on building empathy with customers, to understand their motivations. We know of CDOs who are reaching out to customers for one-on-one conversations, leading customer interviews, and compiling surveys to better understand the challenges that customers face.

As companies test new offers, channels, and communications, which have been necessitated by the crisis, the CDO needs to have in place a sensitive tracking and analysis capability to understand what's working and what's not so he or she can double down on those that are effective and eliminate those that aren't. To institutionalize this capability, CDOs should consider creating a dedicated squad whose sole responsibility is developing a deep understanding of customers. Surveys, conversations, and detailed data analysis on channel behavior—in social media, online ads, and search engines—using updated algorithms that don't rely on outdated pattern recognition need to be part of a customer understanding “reset.” The customer

insights gathered should drive priorities in recrafting the product road map for product improvements and feature development.

The CDO of a major mining corporation, for example, learned that upstream partners were frustrated about the lack of visibility into production. So he created an online portal to ensure transparency. In another example, noting the concerns customers had around the coronavirus, the CDO of a leading bank launched a digital campaign to inform customers of the steps it was taking to stop the spread of the virus and offering digital options to support banking transactions.

4. Scale use of agile and collaboration tools for accelerated remote delivery

Agile working has been a well-established model for teams looking to work quickly and efficiently. In the past, however, the key issue has been how to scale. With remote working conditions the new standard, CDOs can use the moment as an opportunity to better understand what it takes to scale agile.

While co-locating agile teams has traditionally been the most productive working model, the necessity of remote working is putting that experience to the test. The first element of effective remote agile is just ensuring that established ceremonies are followed, such as the daily stand-up, sprint refinement and grooming, sprint planning, sprint demo and review, and sprint retrospective. Additionally, squads should have ad hoc huddles as needed for design and development, facilitated by the scrum master.

Ensuring that people can collaborate remotely is crucial for this new agile model to work. In the case of developers, for example, providing environments so they can contribute remotely and frequent automated deployments can take place should be a priority for the CDO. Many Chinese companies have rapidly adopted local productivity solutions, such as Alibaba's DingTalk or WeChat Work to communicate and deliver weekly meetings, training, and lectures.

Additionally, collaboration tools must be selected based primarily on their familiarity to employees and ease of integration, as opposed to cost, while also ensuring proper security protocols are followed. CDOs will need to collaborate with information security and risk departments to fast-track their approval, and take necessary precautions to safeguard corporate data, such as requiring the use of multifactor authentication, virtual private networks (VPNs), and regular automated backups. The CDO will also need to closely collaborate with the CIO in making the tools easily available to the digital employees.

Many of the tools are scalable because they live on the cloud. CDOs, however, will need to implement change-management efforts, including training teams on how to use them and defining new ways of working so that the tools are used properly—and actually help. A crucial component of this effort is for the CDO to be a role model. This includes communication of the importance of punctuality, of scheduling ceremonies consistently, and of motivating employees so that they always appear on video. Surprise “visits” by the the CDO to ceremonies can also help to motivate all tribes and squads.

Since teams are actively and continually learning from these new ways of working, CDOs should put in place systems to help share that learning across the organization. Sprint retrospective sessions should, in part, be used to determine how the new remote way of working fits the organization and to codify best practices. Gamification can help, through posting leaderboards and by rewarding those who contribute the most learnings to the organization.

Perhaps most important, the CDO has a critical role to play to ensure that a culture of experimentation is maintained. The best learning comes from doing, and trying something new inevitably results in failures. If people are afraid of being punished for failing, they won't experiment. This nervousness about failing is likely to be exacerbated during this time of uncertainty, so the CDO has to take a strong

role in celebrating learnings based on failures, pointing out his or her own failures and learnings from them, and protecting people who are willing to experiment.

Leading an organization in a time of crisis is one of the greatest challenges a CDO can face. But by demonstrating resilient leadership and a clear view of how to use digital to navigate the crisis, CDOs can help the business not just to survive but also to be ready for the next normal.

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