

The secrets to going digital

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How do leading companies transition to digital? And what role can the chief digital officer play? In this interview, McKinsey's Kate Smaje explains.

The organizational challenges of transitioning to digital are enormous. In this interview, McKinsey director Kate Smaje reveals what leading companies do differently, the qualities required of a successful chief digital officer, and what organizations must do to make digital change happen. An edited transcript of her remarks follows.

One of the things I see those companies that are starting to get some momentum on digital transformation do is they're aiming where the ball should be. They're not thinking about a big, bold aspiration that just satisfies today, makes me "me too" with my competitor, or is an incremental way of thinking about it. They're thinking, "Where's that ball going? What's the disruption that's going to hit, or could hit?" They're challenging themselves to think several years out and to think about a different business model to what they have today: to stress test whether they're being disruptive enough and big enough in the way that they are looking at their transformation.

What digital companies do well

Companies that do this well are willing to take the tough decisions, and that can take a couple of different forms. Up front, it's tough decisions about, what do we need to just stop doing today? I had one client that basically did an app amnesty. It said, "Everybody throw in your mobile apps from around the company. We know we're spending too much money on this. We know we're not getting the impact. Everyone throw them in. Let's decide what we *really* need to do." The client got rid of most of the apps that it actually had live and just focused all of the investment on two or three. So that's an example of making some of the hard decisions up front.

I also see those taking the hard decisions fast enough after the fact. So when I've had a great idea, and it's taken hold, but then you find that, actually, you know what, it's not really working, don't keep flogging that dead horse. Get rid of it. The creative-destruction process in good digital companies happens fast, and it's shameless. It doesn't matter if something fails, you just move on. And I see a lot of legacy companies try and hold onto those ideas for too long. As they do, it takes management attention away, resources away, and stops you from moving on to the

next thing—the next pivot on that idea, which might just be a little bit different, but it's 20 times better.

The ideal chief digital officer

Probably the most important quality for CDOs is patience. These are the people who have to be able to operate cross-functionally, right across the whole organization. They have to be able to get buy-in from lots of people—with lots of different parts of the profit and loss—that they don't have remit over. They have to be able to fundamentally disrupt what the organization is doing; that's the whole point of digital for many of the businesses that we serve.


Without patience and the ability to collaborate across an organization, it's hard to get stuff done, because they're eternally going to be the people who are *just a bit annoying* for the rest of the organization. And so it's about those qualities more, in my view, than it is about having the best technical expertise or marketing background or pedigree, and so on.

Making digital change happen

In some ways, CDOs need to be doing themselves out of a job when running a digital transformation, because the endgame is that digital is infused throughout the whole organization. It's just the DNA; it's what everyone does.

To do that, CDOs need a variety of resources. And in some ways, it matters less about the boxes and lines and organizational structure of who owns whom, but they need to be able to call on those resources. It doesn't matter if your developers happen to sit with IT or the CDO. But the CDO needs to be able to influence those developers, needs to be able to demand-manage and get the right set of priorities acted on fast enough by those guys.

Similarly, from the point of view of analytics, there will be some analytics that will be done locally, and there will be some that will be done centrally. But having a remit around being able to think big, think disruptively—around what the analytics, the data sets, and the access that's going to change the way the company thinks and operates are—that's what the CDO needs to be able to call on.

If you want to fundamentally transform your company from a digital perspective, that is going to mean a whole set of tough choices that will be hard to take unless your CEO is bought in. Likewise, if CEOs are not role modeling what it means to be a digital organization—the flexibility of decision making, the agility in terms of the speed at which you can move—it's hard for a CDO to be able to call on those resources and to be able to have the mandate to do it. 

Kate Smaje is a director in McKinsey's London office. This interview was conducted by McKinsey Digital and Marketing & Sales practices' **Barr Seitz**.