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Organizing for Digital



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"Talent and organizational structure remain significant challenges for most companies when it comes to digital technology," says Christopher Nadherny, a consultant and leader of the North American digital and direct marketing practice at Spencer Stuart, the global executive search firm based in Chicago.

Nadherny and his colleague Dana Wade recently co-authored a study, "Talent 3.0: Solving the Digital Leadership Challenge—A Global Perspective." In their research, Nadherny and Wade interviewed 50 C-level executives across industries throughout North America, Europe and Asia to gauge the state of organizational preparedness for digital technology and to pinpoint the issues that executives face when readying their companies to adopt new digital technologies. Respondents represent a cross section of leadership organizations, including AT&T, Coca-Cola, E*Trade, Nike, Sony, Tesco, Unilever and Zurich Financial Services, to name just a few.

Respondents share a common issue: "There's a dearth of mature, experienced digital talent in the marketplace," Nadherny says. "CEOs should act now to recognize the digital opportunity and organize their companies for the impending digital future."

"There is an enterprise digital divide," Nadherny adds. He describes today's landscape as an environment in which digital skills are unevenly populated across the organization with more mature senior executives who are less digitally skilled. "They need to continue to learn and acquire skills, and immigrate to digital," he says. Meanwhile, there is a younger group of managers, a group of so-called digital natives, who grew up with digital technol-

ogy and have a keen understanding of how to apply it—but not the organizational power to implement it.

According to Nadherny and Wade, these two groups need one another. Therefore, to capitalize on digital technology's potential, their organizations must be structured differently so as to meld the two groups' capabilities. "Each year there is more digitally savvy talent out there and that's a positive," says Nadherny, who predicts the corporate digital divide will last another five years. By then he expects digital natives will have acquired sufficient power in their organizations and digital immigrants will have retired.

In the meantime, "Companies that move quickly to acquire digital talent that's compatible with their culture will prosper. Those that don't will be more competitively challenged," Nadherny says.

Nadherny and Wade are too polite to say it, but the bottom line is that too many CEOs just don't get digital. They didn't grow up with digital. They may recognize its importance, but they just aren't organizing their companies for success—at least, not yet.

While there are exceptions, such as General Electric under former CEO Jack Welch's leadership—"Welch said that digital would change the DNA of GE forever. He recognized the benefits of the Internet early on," Nadherny says—many companies still face significant digital challenges. Nadherny points to a recent project for a leading financial services client. "They realize they have to be more proactive. They know they are not properly structured to leverage digital technology across their business lines," he says.

Nadherny and Wade believe that digital success begins with having the

right talent and the right organizational structure. "You can't simply set up a digital group in marketing and say, 'We're done.' You can't just assign digital to the chief information officer and hope for the best. And, certainly, you have to avoid having the chief marketing officer at war with the chief information officer," Nadherny says.

Kevin Willer, co-founder of Google Inc.'s Chicago office and the company's central region development manager, agrees with Nadherny and Wade's findings. "Senior executives must acknowledge the need for digital within their organizations and embrace what they don't know or understand about digital," Willer says. He suggests creating cross-functional teams seeded with young leaders who are passionate about digital and eager for the opportunity to evolve the organization to take advantage of the digital landscape.

The Spencer Stuart duo provides six guidelines to ensure that your organization has the right digital skills:

- **Help migrate the digital immigrant:** Close the generation gap by increasing experienced executives' digital literacy.
- **Develop digital natives' business and managerial skills:** Train and empower greener members of management, and groom them for broader roles.
- **Build diverse teams representing digital and traditional business experience:** Cross-pollinate leadership with digital natives and digital immigrants.
- **Hire for cultural fit:** Regardless of a candidate's digital skills, don't hire him if he doesn't fit your company's culture.
- **Retain your digital talent:** Your experienced digital executives could be at risk. Protect them.
- **Develop the organization's analytical skills:** Ensure that you have the talent to assess and act on the new volume of digital data.

Developing digital talent is a straightforward process, according to Nadherny. "Create a plan and motivate your team. Challenge your people, give them autonomy, recognize their impact and accomplishments, and provide the right balance of monetary and non-monetary rewards," he says.

Wade is even more succinct. "Assess what you have and build a strategy to fix it," she says. **m**

