



# **THE TECHNOLOGY DISCONNECT**

Fixing the disconnect between CIOs,  
the ExCo and the Board

# THE DISCONNECT BETWEEN CIOs, THE EXECUTIVE COMMITTEE AND THE BOARD

The successful execution of a digital, product and technology strategy is one of the important commercial competitive differentiators for any business. Yet we frequently hear boards and ExCos lamenting the lack of technology leadership and delivery of impactful digital transformation. Their plea is for CIOs who can deliver meaningful, commercial value through digital and data technologies. Conversely, CIOs report that the dynamic, digital role they were promised is, in fact, more operationally focused – dealing with legacy challenges. CIOs are passionate people with a real desire to effect digital change, so why, when there is clearly the will on both sides, is there still a disconnect between CIOs and their business colleagues?

One of the challenges in this scenario is the lack of true digital/data/technology understanding within the business. In 2019, MIT Sloan Business School **published a report** which concluded that organisations with three or more digitally savvy execs/NEDs had, on average, 17% higher profit margins, 38% higher revenue with 34% higher return on assets and 34% higher market cap growth. The report highlights that only 24% of companies with more than \$1bn in revenue had such boards, yet, out of 1,325 NEDs in the FTSE 250, only 31 organisations have technology or digital representation. That equates to just 2%.

Advantages of having three or more digitally savvy board members

**17%**

higher  
profit margins

**38%**

higher  
revenue

**34%**

higher  
return on  
assets

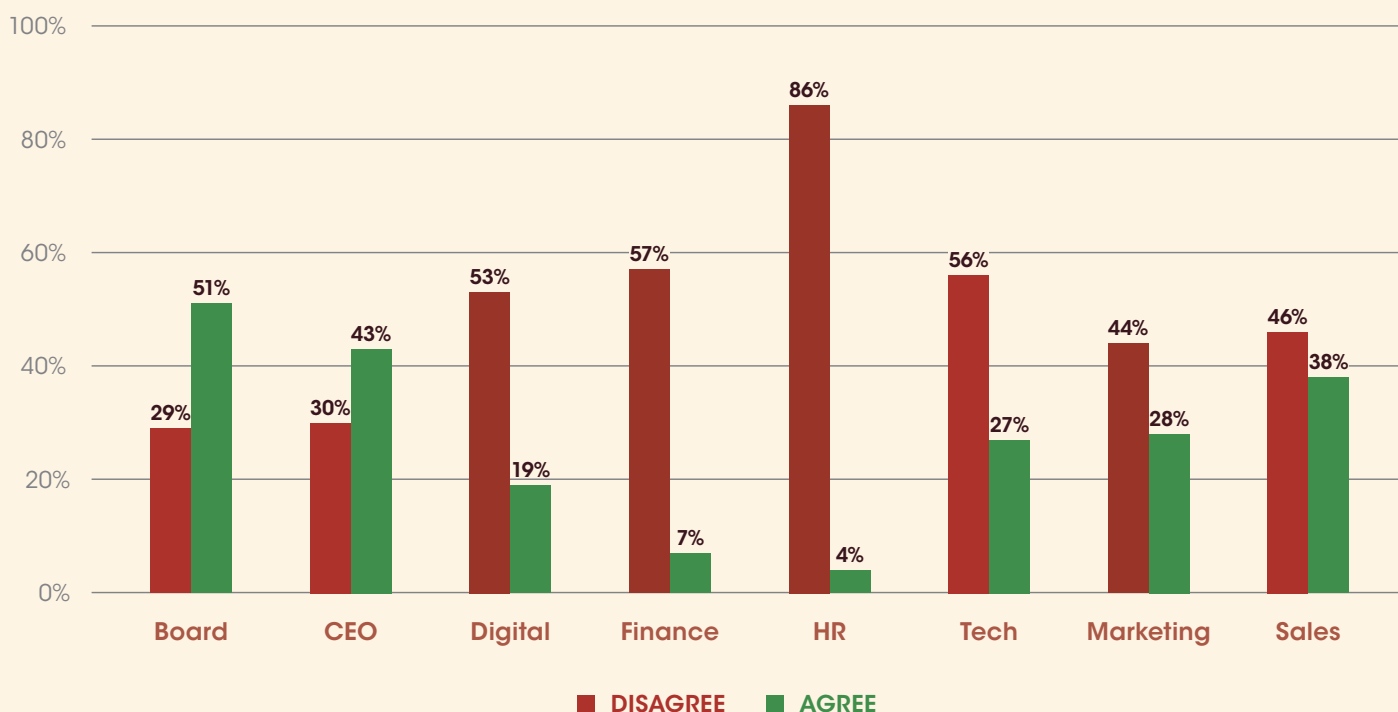
**34%**

higher  
market cap  
growth

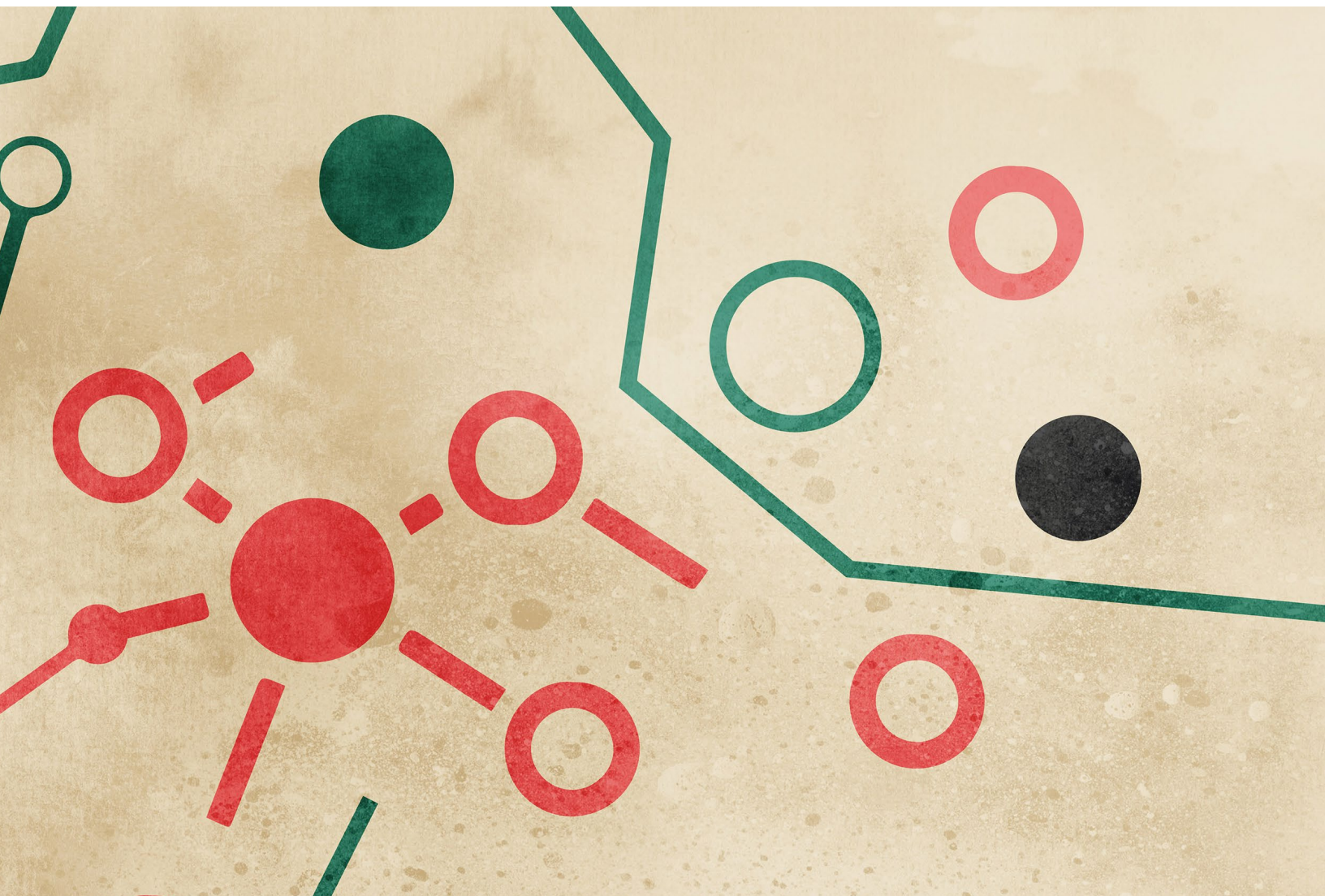
Credit: MIT Business School

This gap in understanding between the CEO, board and the rest of the executive team isn't just limited to the knowledge of technology itself. For digital and data transformation to be successful, it requires the right talent and skills across the organisation. **A 2020 study by Savannah Group** found that CEOs and the board believe they are much further forward on their journey to acquire or develop the people and skills needed to digitally transform, versus the functional executives on the front lines of the business.

**Our workforce and culture are adapted for the digital age**



These gaps in both the understanding of technology, and the perception of progress in developing the organisational capability to digitally transform, creates a disconnect within the organisation. The board and CEO are at best ill-informed, and at worst, naïve. Either way, it creates a barrier between senior technology leaders and the board, not dissimilar to a language barrier, where each party feels they have been understood yet have highly contrasting views and expectations about what is needed to succeed.



Through numerous studies by Savannah Group, an analysis of external literature on this topic and extensive first-hand experience placing senior technology leaders into large organisations across the world, we believe the issues fall into two main areas:

- 1) CIOs are being tasked with (and taking on), an inordinately high level of responsibility for the digital transformation of the business. Organisations look to their CIO to “digitise” the business, without taking mutual responsibility for the outcome, unless or until it is successful.
- 2) CIOs feel that more often than not that they are dragged into operational/legacy issues and are not always free to focus on the truly transformational digital and data agenda, but don’t have the courage (or ability) to navigate these challenges to reframe and refocus the core of their role.

The rest of this paper will look at three key areas needed to address this disconnect and aim to provide guidance around:

1. Aligning the brief
2. Greater effectiveness for the CIO in role
3. Enabling wider support from across the organisation to help with the digital agenda.

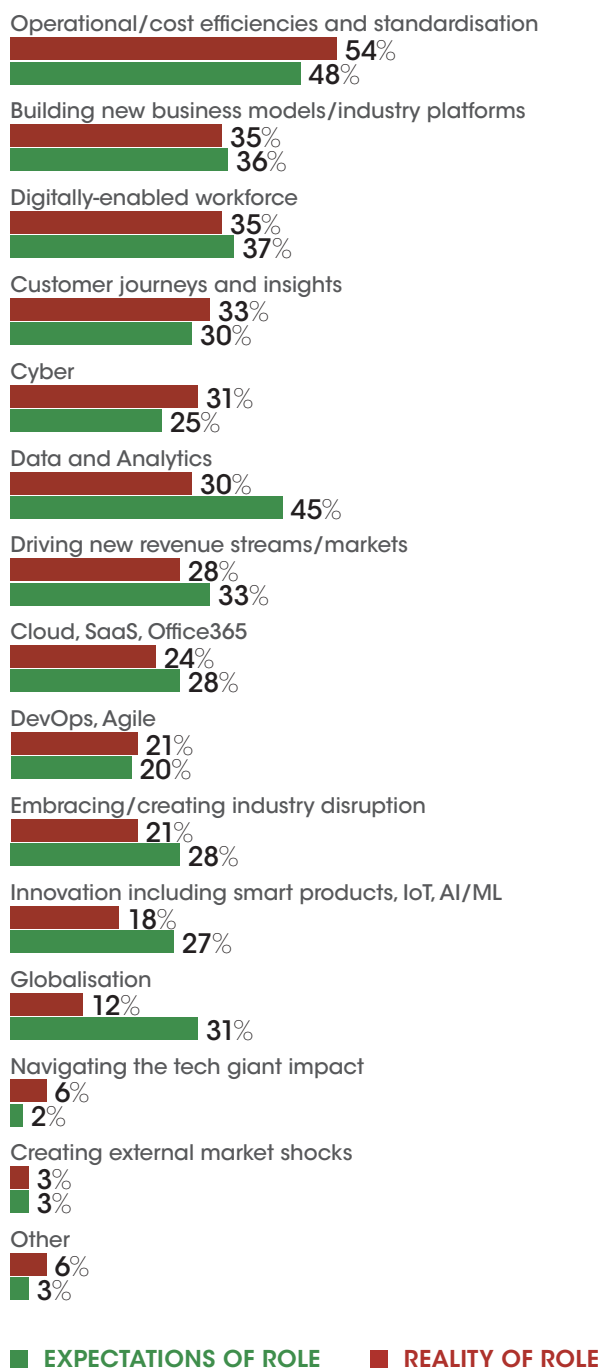


# 1. ALIGNING THE BRIEF

The first area of disconnect to address is with the role description itself – before a new CIO is appointed. Digital transformation means different things to different people and a lack of alignment at this crucial first step can create myriad problems further down the road.

## GUIDANCE FOR THE BUSINESS

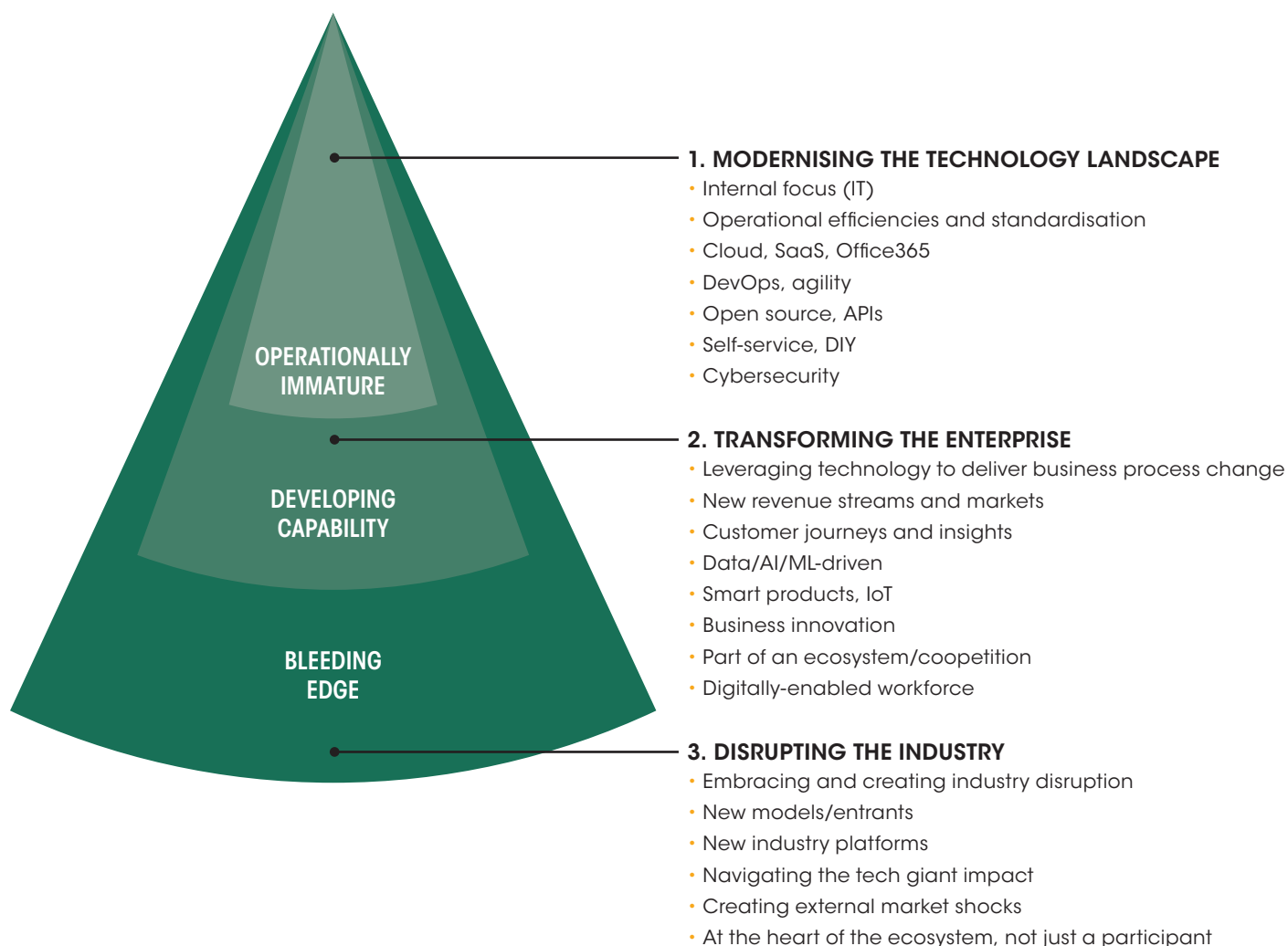
The chart to the right shows the gap between what CIOs felt like they were hired to do, and the reality of the role based on a recent Savannah Group survey of 230+ CIO and senior technology leaders. CIOs are typically spending more time on operational/cost efficiencies and standardisation; customer journeys and insights; and cyber than they expected, and less time on data and analytics; the digitally enabled workforce; innovation including smart products; IoT, AI/ML and driving new revenue streams.



When creating the brief for a CIO role, the business needs to be absolutely clear where it is on its transformational journey as that in turn informs the type of CIO that will likely be right for them. We use the three-step model below to compare the remit of technology

leaders and the maturity of the organisation in which they work. Each one of these phases requires a rethink of the people and skills required within the organisation, both from within the executive leadership team and across the wider business.

### How digital is your organisation?



Be clear about the phase your organisation is in and align that with the rest of the ExCo. Be realistic about your digital transformation progress so far, where it has worked, why it hasn't worked and pitch the brief accordingly. There are plenty of world class CIOs who can help at each one of these phases. Position the brief to attract the right ones.



## GUIDANCE FOR CIOs

Far too often, as the CIO settles into a role, they lift the covers on the broader technology landscape and discover a plethora of problems not previously flagged. The net result is a business looking to the CIO to “save the day”, digitally speaking, while they are being distracted by hitherto unknown complications. Our survey highlighted that one of the biggest challenges for CIOs is the complex balance of legacy challenges and digital transformation they must juggle in often cost-pressured environments while facing disruption from a rapidly changing competitive landscape. As a result, over a third of respondents don’t feel like their skills are being best utilised across the broader business and only 36% are confident their organisation will be able to execute the transformation they believe needs to happen.

**How confident are you in your organisation’s ability to support and execute the transformation you believe needs to happen?**

# 36%

**Confident or  
very confident**

The onus also rests on the incoming CIO to do better due diligence before joining a business. We encourage CIOs to ask the following questions:

- How committed are the CEO and board in driving change?
- How well does the business understand technology/digital data?
- Are you looking for transformation or evolution?
- What are you hoping will be delivered and by when?
- What has prevented this transformation being delivered in the past?
- Who are the key stakeholders in this digital change? What will their role be? What will the CIO’s role be?
- What percentage split do you see between operational, legacy, and governance challenges, and digital innovation?
- What revenue uplift do you see the role delivering?
- How are technology projects funded? Where does the money sit?
- What would the outgoing CIO/CDO tell me if I asked what the blockers were to success and why they are leaving the business?

## 2. GREATER EFFECTIVENESS FOR THE CIO IN-ROLE

Assuming the brief has successfully aligned the CIO, board and ExCo and the business has brought in the type of CIO who is the right fit for the current stage of the transformation journey, the next step is to ensure the CIO can be effective in-role. This responsibility falls on all parties. The board and ExCo need to be cognisant of the resources available to the CIO and their capacity, while the CIO must effectively manage these stakeholders to avoid becoming a catch-all for anything technology related, slowly eroding their effectiveness by spreading themselves too thinly. It's an

all too familiar tale we hear. If few others on the ExCo understand technology bar the CIO, it is only natural to then look to the CIO to drive the digital agenda. Ironically though, the CIO is also the only person who can solve that sticky problem with the manufacturing plant in Germany or the costly processes used in onboarding new customers. Before too long, the CIO is tasked with "urgent" (tactical) business problems and their time is taken away from the longer-term, value-add vision for the future.

### GIVING THE CIO SPACE TO UNLOCK AREAS OF HIGH OPPORTUNITY

The chart to the right compares the opportunities that CIOs and senior technology leaders feel there are for the business, against the reality of where they spend the majority of their time and effort.

The responses clearly show that CIOs see cyber, data and analytics, and driving new revenue streams/markets as the greatest opportunities, yet the highest proportion of their time is spent on operational cost efficiencies and standardisations.

This chart speaks to the heart of the issue. If boards and CEOs truly want their CIO to drive the type of innovation that generates more revenue and business value, they need to give them the space to focus on those opportunities, rather than tying up the majority of their time in internal or defensive technology solutions.





## BUILDING HIGH PERFORMING TEAMS

Practically speaking, large businesses can't afford to ignore extending the lifespan of legacy systems or cybersecurity. With technology being utterly pervasive and important within organisations, legacy systems and cybersecurity are likely to consume more time going forwards than they are now. The question then is how best to resource the technology function?

“With technology becoming increasingly pervasive and important within organisations, legacy systems and cybersecurity are likely to consume more time going forwards than they are now.”

Building a high performing team is entirely within the power of a good leader and typically should not be a major obstacle. That said, CIOs/CTOs/CDOs face one of the largest skills, recruitment and retention challenges in the business – far more so than their peers. CIOs must be allowed to hire high quality talent, which comes at an absolute premium, to allow their own role to focus more on the external and commercial opportunities they are seeing across the business. Legacy issues are critical to business operations, but they should not be the central task of the CIO themselves. Similarly, CIOs need the confidence to secure the budget to make such hires.



### THE DIGITAL DIVIDE

Research across over 400 senior executives shows a substantial digital divide between the board/CEO and the corporate functions (technology, digital, finance, marketing, HR and sales) in understanding the talent and skills required to enable and embed digital transformation within the UK's largest businesses. This report highlights the perception gap among the board and ExCo and provides case studies from businesses that have successfully brought in senior leaders to enable digital transformation.

## IMPROVING STAKEHOLDER MANAGEMENT

CIOs have a responsibility to make themselves more effective. All are aware of the pitfalls of operational creep and know they are best placed in the organisation to enable innovation and digital transformation that, in some instances, could revolutionise their business and their industry.

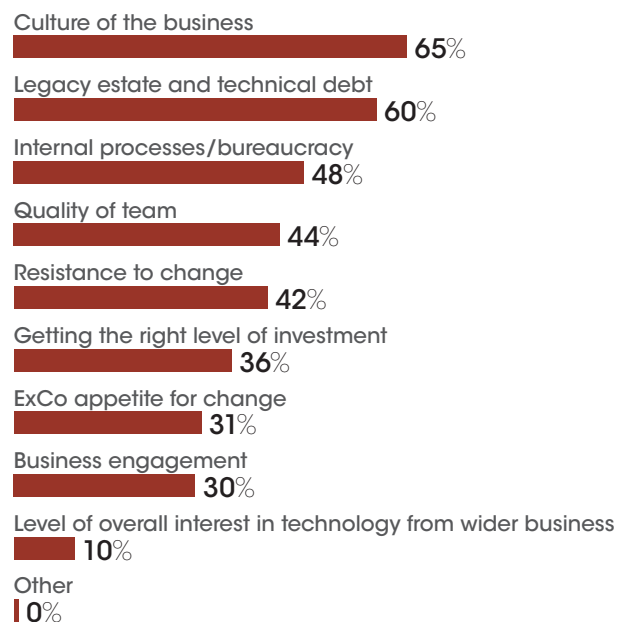
Strong stakeholder management is a leadership competency that appears on almost every CIO or CTO assignment we undertake, whether interim or permanent. CIOs must find ways of reducing the language barrier between digital, data and technology and the other functions and the board. Getting the buy-in and support of the CEO and at least one NED is critical to aligning the technology function with the businesses wider aims and having the necessary influencing power at both board level and among the ExCo.

# 3. ENABLING WIDER SUPPORT FROM ACROSS THE ORGANISATION

For organisations to digitally transform successfully, responsibility for the digital agenda must reach across the business. The chart to the right ranks what CIOs feel are the biggest hurdles to them executing their role.

“If the responsibility for technology change is unfairly put solely at the CIOs’ door, then the responsibility for cultural change should not be put solely there either.”

What are the challenges in delivering and “getting stuff done” in the business?



## ADDRESSING THE CULTURE OF THE ORGANISATION

When asked to define the barriers to “getting stuff done”, and delivering meaningful change, 65% of respondents indicated that culture was the main inhibitor. We interpret culture in this context as negative attitudes towards technology and change within the organisation and believe that this is where the crucial stakeholder management and influencing skills of a CIO must come to the fore. Cultural change is hard and requires the full involvement of the business. Evangelising, educating, and enthusing the business must be the precursor to driving cultural change and is a never-ending task. Without good influencing skills across the whole organisation, CIOs can implement technology that delivers change but will fail to get the organisation to embrace fundamental change and modernise the ways it works. Thus, nothing really changes and the disconnect remains.

The wider ExCo needs to support the digital transformation journey by taking responsibility for understanding, at a high level, the direction of the business technological evolution and the impact on their individual functions. They then need to be actively advocating these changes and winning hearts and minds before, during, and after that change has taken place. If the responsibility for technology change is unfairly put solely at the CIO's door, then the responsibility for cultural change should not be put solely there either.

## INTERNAL PROCESSES, BUREAUCRACY & RESISTANCE TO CHANGE

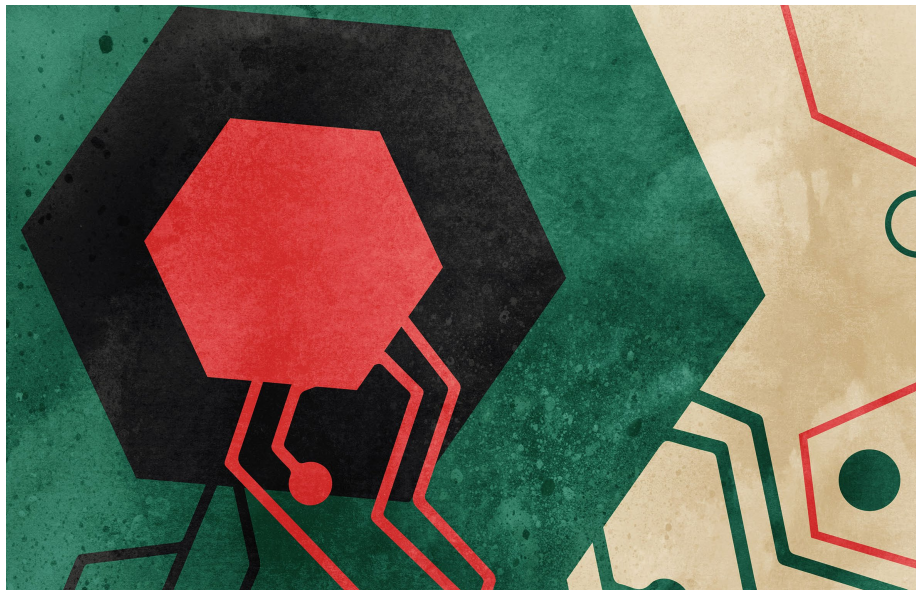
As part of understanding and advocating technology change, the ExCo needs to come to the CIO's aid in helping to update processes, remove unnecessary bureaucracy, and the unwillingness to change. For the results of technological innovation to be fully realised, it requires changes to ways of working to leverage these advantages.

“The message from the CEO needs to be consistent and frequently repeated: To move forwards we have to follow a path of continuous improvement, not just to the business, but to how we do our day-to-day jobs.”

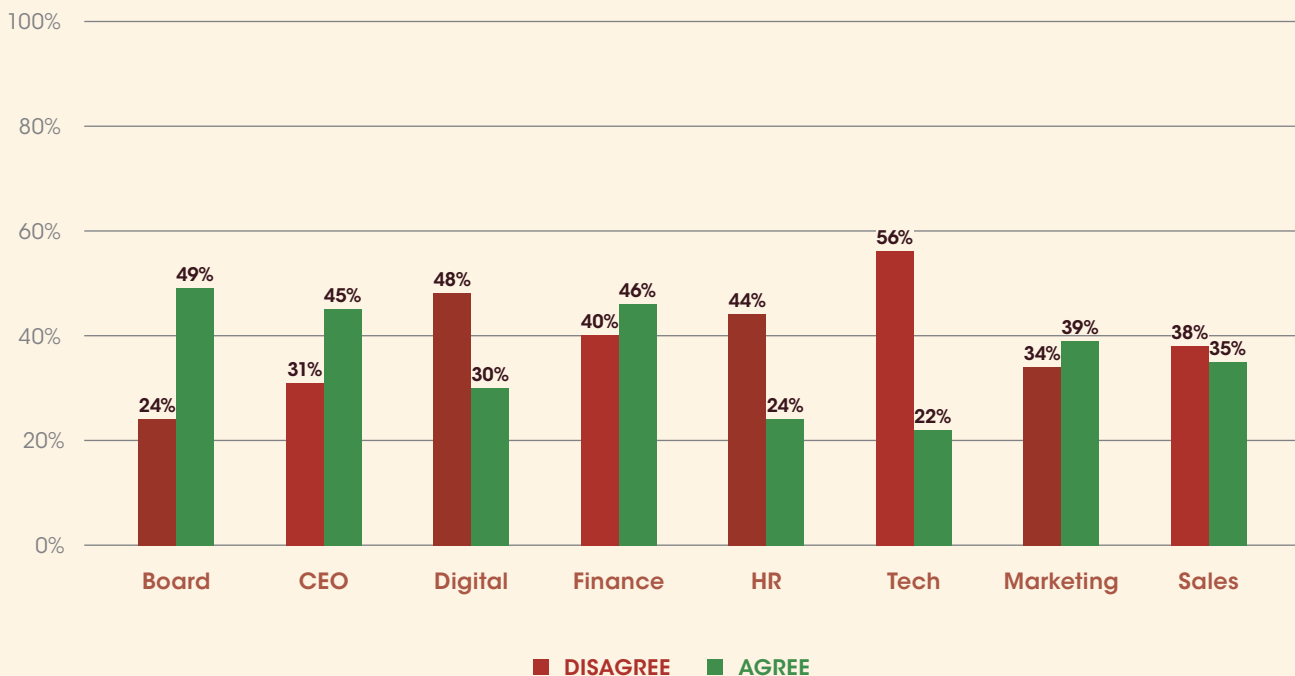
The message from the CEO needs to be consistent and frequently repeated: To move forwards we have to follow a path of continuous improvement, not just to the business, but to how we do our day-to-day jobs. Standing still in today's business environment is an untenable strategy. Facebook's motto of 'move fast and break things' is intended to inform design and management processes. In doing so, it reassures employees that it is okay for them to challenge the status quo, to break and improve on processes that are holding back progress. Many organisations need an attitudinal shift to this degree amongst their employees.

## SUPPORT FROM THE BOARD

As previous studies have shown, there are parallels between digital savviness within the leadership team and board, and better business performance. The chart below highlights the gap in perception that exists across the board and ExCo in regard to digital savviness. The board and CEO broadly believe this digital recalibration has taken place, while the digital, technology and HR functions all disagree.



Our leadership team has been recalibrated so that they now possess digital skills and competencies





## Two main paths exist:

### 1. Upskill the existing leadership

Working with the HRD, the CIO, CTO and other digital and technology leaders should put a continuous programme of training and learning together for the board and CEO. This could include industry analysis, exploration of technology innovation in adjacent industries, off-site technology immersion days with the business technology products or other relevant innovations and external speakers to challenge thinking and tours or meetings with business partners to understand how they view technology.



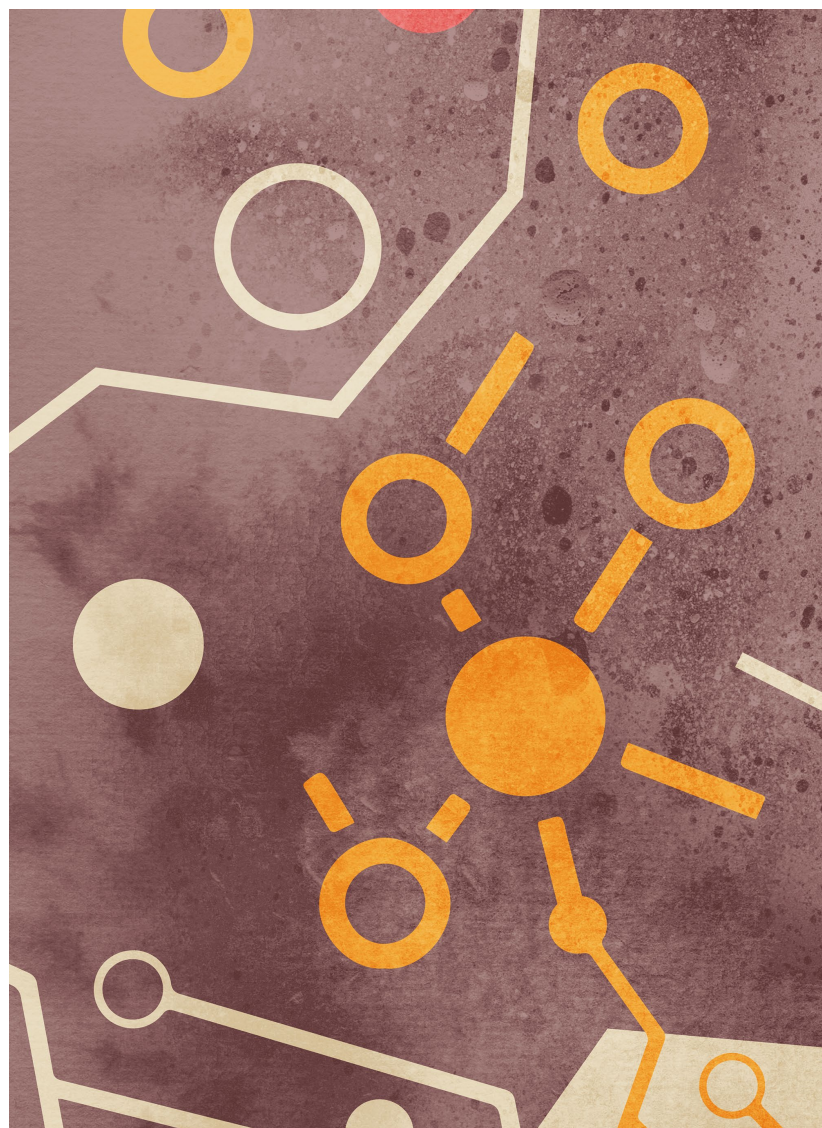
### **BUILDING DIGITAL BOARDS**

When technology commands the most significant spend in almost every business why are there so few people on boards who understand it? Drawing on conversations with 30+ CIOs, NEDs and Chairs, 'Building Digital Boards' provides guidance on why and how large businesses can acquire additional digital expertise to advise and assist the board and in turn increase revenue and profitability.

### 2. Add more digital savviness to the board

Given the current lack of digital savviness at board level within the FTSE 250 in particular, efforts should be made to acquire NEDs and advisors who are able to provide a different perspective around the opportunities available to better utilise technology. This topic is explored in more detail in our paper 'Building Digital Boards'.

Regardless of which path is chosen, increased digital understanding at board level helps break down the 'language barrier' within technology, improves alignment, shares the responsibility around digital transformation, and ensures expectations are more frequently understood by all parties and delivered against. The result is a more forward-looking business that is able to identify and seize upon the myriad opportunities that technology transformation brings.



# CONCLUSION

Undeniably, the world is changing at an unprecedented pace. Never before has the role of the CIO been so critical. Never has the need for digitally strong individuals who can bring significant influencing skills, a flair for innovation, and a truly strategic commercial vision for the future been so essential. In a desire to be a key member of the senior leadership team, CIOs have embraced the moniker and, subsequently, often taken-on the role of transformation leader. The burden of business transformation is often unfairly shouldered by the technology function, which in many cases, struggles with the lonely responsibility of delivering major digital change vicariously through stakeholder management and influencer skills.

## It is clear that two things need to happen:

1. Businesses need better technology and digital knowledge and to step-up their responsibility in terms of driving technology transformation in partnership with the CIO.
2. The CIO needs to enhance their influencing and stakeholder management skills to nurture and guide the business and to ask for the talent and support needed to focus on the value-add strategic agenda.

73% of respondents to our CIO survey stated that the significance and importance of their role has changed specifically as a result of the pandemic. CIOs and boards need to consider how best to capitalise on the increased momentum for change.

Over the last two decades, Savannah's Technology, Digital & Innovation practice has had in-depth discussions with hundreds of CIOs and there is no question that the quality bar in the function has risen dramatically since those early days. The role of the CIO is becoming more and more commercial, with businesses demanding their technology leaders drive top-line as well as bottom-line growth. With the pace and desire for business change at an all-time high, to be successful, businesses must work together to reduce the technology disconnect.

# ABOUT THE SURVEY

230+ senior technology leaders responded to the survey. The respondents are broken down as follows:

**59%**  
of respondents  
were group level  
technology  
leaders

**16%**  
regional level  
technology  
leaders

**73%**  
have global or  
international  
remits

Even split  
on the exco  
**51-  
48%**

Reporting lines  
are mixed, the  
most prevalent  
reporting line is  
into the CEO.

**50%**  
have been in their  
role between 1 to  
3 years

Only  
**24%**  
have tenures  
longer than 3

**67%**  
have base  
salaries above  
£250K/\$320k

**65%**  
feel adequately  
compensated

**77%**  
do not have an  
NED role but 95%  
would consider it

Respondents  
came from over  
**13**  
different sectors

**73%**  
of respondents are  
from businesses  
whose revenue is  
above £1bn

The majority –  
**53%**  
of respondents  
were from publicly  
listed businesses

**15%**  
from PE/VC back  
organisations

# ABOUT SAVANNAH'S TECHNOLOGY AND DIGITAL PRACTICE

The digital agenda is a strategic imperative for all businesses. We are helping our clients answer the key question: what problems are you trying to solve and for whom? Whether developing innovative new services and products, reinventing business models for a digital world, managing cybersecurity threats, or leading technology migrations, our cross sector knowledge of what great digital and technology leaders look like helps secure individuals who work strategically and collaboratively across your organisation.



## The Author, **Heather Barnes** Partner, Technology & Digital Practice

Heather draws on a plethora of deep subject matter expertise to act as a trusted advisor to clients, helping to shape the future talent landscape that will drive and enable digital transformation. Highly experienced in executive search, Heather works globally across the breadth of the technology, digital & innovation landscape within the FTSE 350, PE and the Fortune 500. She has particularly deep expertise in the data and digital domains.

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## **Louisa Perry** Partner, Head of Technology & Digital Practice

Louisa brings 25 years of experience in executive search focused on hiring at board and leadership level within global and domestic organisations. She has specific expertise in hiring Chief Information Officers, Chief Digital Officers, Chief Data Officers, Chief Technology Officers, Chief Information Security Officers and their leadership teams.

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## **Kersty Bletso** Partner, Technology & Digital Practice

Kersty is the lead partner in our interim Technology and Digital practice. She works closely with technology leaders, and non-technical executives to help deliver varied people centered talent solutions for the evolving business landscape. She works across FTSE, PE, Fortune 500, AIM, TSX and SMEs globally. She is a passionate advocate for Diversity and Inclusion within technology and in helping organisations bring digitally savvy NEDs and advisors into their business.

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## About Savannah Group

Savannah Group is a global integrated executive search and interim organisation.

Specialising in C-Suite and Director level appointments, Savannah's mission is to empower business leadership teams by helping them acquire executives that enable short-term and long-term transformation.

We always take the time to understand your company, your culture and your objectives to act as an extension of you within the market. Our partner-delivered model combines the quality, agility and dedication of a boutique firm, with the resources and capability of a larger search firm.

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