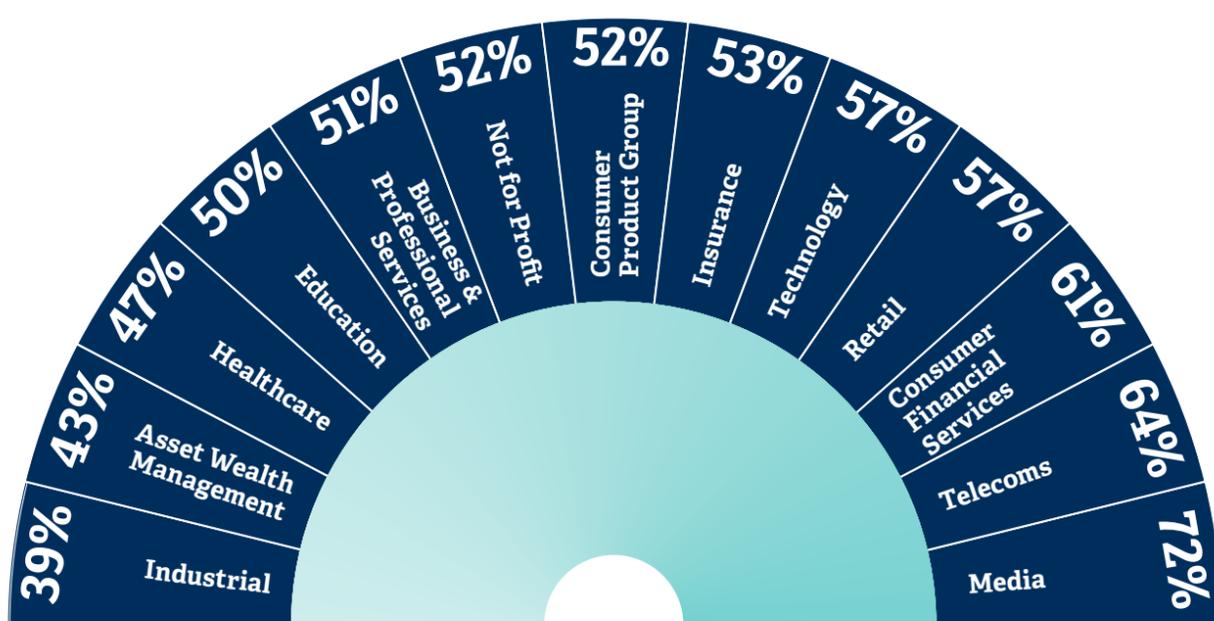


Digital Pulse 2015

Every year, Russell Reynolds surveys over 2,000 CEOs and C level executives to understand how digital is transforming talent and leadership needs in organizations. It covers areas including setting and executing digital strategy, organizational structure, advocacy for digital and barriers which organizations need to overcome to realize the possibilities of digital. Each year this helps our clients know what's next, right now when it comes to maximizing the positive impact of digital on their own organizations.



DIGITAL DISRUPTION BAROMETER

The barometer shows the percentage of executives surveyed who responded that their business would be moderately or massively disrupted by digital in the next 12 months, broken down by industry.

STRATEGY & STRUCTURE



THE STRATEGY SPECTRUM

B2C businesses top the list, with Consumer FS, Software and Media all hitting close to 90% of companies with a digital strategy in place.¹



HYBRID WINS

It is a natural evolution for organizations first to centralize, then decentralize new teams like digital. This year we saw a shift to a hybrid model, with 41% of organizations across all sectors operating this way.²



DIGITAL = CUSTOMERS DIGITAL ≠ TRANSFORMATION

74% of organizations prioritize consumer/client/constituent relationships & engagement as their aim in digital, whereas only 60% of companies see digital as an opportunity for operational improvement.³

LEADERSHIP IN DIGITAL



THE CEO IS STILL IN CHARGE

As in previous years, the CEO owns the digital strategy in nearly 40% of organizations. CEO ownership is most prevalent in the least mature industries.⁴



DIGITAL HR – TIME TO COME TO THE TABLE

Given the importance of people and skills, HR was the function least able to help businesses transform. Only 20% of organizations said HR enabled them to transform, rating it lower than IT, Finance, Line of Business Operations, Sales, and R&D.⁵



TECHNOLOGY STILL THE THIRD PERSON IN DIGITAL

Whether as CTO or CIO, these roles still sit in third place when it comes to advocates of new digital tools and technology. They lag behind the CEO and CMO, who are the main advocate in 30% and 25% of organizations.⁶



THE START OF THE END FOR THE CHIEF DIGITAL OFFICER?

Of all the leadership barriers listed, the lack of a single head of digital was only a significant barrier in 25% of organizations surveyed. The lack of skills and expertise was seen as far more important, with 35% of organizations citing this as a leadership barrier.⁷

DEFINING AND EXECUTING A DIGITAL STRATEGY



MIND THE SKILLS GAP

Across all organizations, just over half (53%) answered 'Yes' to the question 'Do you have the right people to define your digital strategy?'



MIND THE EXECUTION GAP

Even when organizations have the people to define their digital strategy, having the people to execute it is the next challenge. The gap between having the right people to define and execute the digital strategy is largest for healthcare providers, closely followed by Business & Professional Services and Media & Entertainment.⁸



DON'T SCRIMP ON THE BITCOIN

Nearly 1/3 of organizations cited a lack of budget as the biggest financial barrier to digital success.⁹

References

1 - Percentage of respondents who answered 'Yes' to the question 'Does your firm have a strategy for digital?' **2** - Percentage of respondents who answered 'Hybrid' to the question 'Is your firm's digital team centralized or decentralized?' where hybrid is defined as 'A centralized team exists, but some units maintain individual ownership.' **3** - Respondents provided a 1-5 rating, with 1 being 'Not Important' and 5 being 'Critical' to the question 'What is the digital goal of your company?' The percentages are the weighted averages of those who rated this goal as 4 or 5. **4** - Percentage of respondents who answered 'CEO' to the question 'Who sets the digital vision and strategy at your company?' **5** - When asked to rate on a 10 point scale, with 10 being 'Advocate of Digital' and 0 being 'Does Not Enable Digital', this represents the percentage of respondents who scored the function as 8, 9 or 10. **6** - Percentage of respondents who cited this role in answer to the question 'Every person within the organization has a role to play. Who within your organization has been the main advocate for the trial and use of new approaches to Digital?' **7** - Percentage of respondents who rated barriers as 8, 9 or 10 when asked 'How significant are the following leadership barriers to effective digital business in your organization?' (on a scale of 1 [not significant at all] to 10 [very significant]). **8** - The Execution Gap refers to the difference between the percentage of respondents who answered 'Agree' to the statement 'My organization has the right people to define our Digital Strategy' and the percentage of respondents who answered 'Agree' to the statement 'My organization has the right people to execute on our Digital Strategy.' **9** - Percentage of respondents who rated barriers as 8, 9 or 10 when asked 'How significant are the following budget- and market-related barriers to effective digital business in your organization?' (on a scale of 1 [not significant at all] to 10 [very significant]).