



THE POWER OF PURPOSE - DRIVEN LEADERSHIP IN DIGITAL TRANSFORMATION



Taking stock of digital transformation

Digital commerce gathered much attention, especially during the pandemic years. However, the [Infosys Digital Commerce Radar 2023](#) study found that growth in this sphere is losing momentum. As a result, only those companies that can provide excellent digital experiences to their customers will be able to attract and retain them.

Digital transformation is a complex process that requires significant investments in technology, talent, and organizational change. While each organization's journey toward digital transformation may be unique, some key success factors can help organizations achieve their digital transformation goals. These include strong leadership, customer focus, investment in talent and technology, emphasis on innovation and new ways of working combined with a continuous improvement mindset and periodic communication. All these factors must amalgamate smoothly to enable success. The [Infosys Digital Commerce Radar 2023](#) corroborates that leadership is essential for optimal digital commerce.

This paper discusses the leadership models that can place digital transformation programs on the success path.

For organizations to succeed in their digital transformation efforts, they need effective leadership models to drive the process forward. As a result, digital leadership has never been more vital.

Leadership counts

Much has been written about the stakeholders who drive digital and eCommerce projects and the numerous transformation leadership approaches. A few popular organizational decision-making and change management approaches include:

- The Executive-Led Conventional Model emphasizes top-down communication and control, focusing on achieving a clear and specific set of goals.
- The Middle Management Model - collaboration and communication between different levels of the organization are in the spotlight, prioritizing building consensus and buy-in among staff members.
- The Grassroots Model focuses on employee empowerment and engagement, especially building trust and collaboration between staff members and senior executives.

Each model has its own advantages and disadvantages. So, integrating all three and choosing the best from each model may be a good option. For example, strategic involvement and planning at the executive level, team orientation at the middle level and engaged employees at the lower level will greatly boost digital transformation efforts.

Equally important is identifying who can strategically and innovatively steer the transformation by concentrating on technology trends and determining their applicability to operational realities for a successful transformation.



Go back to the basics - start with the why

In this context, Simon Sinek's Golden Circle is worth considering. The Golden Circle is a model based on the idea that successful businesses and leaders start with why they do what they do rather than focusing on what they do or how they do it.

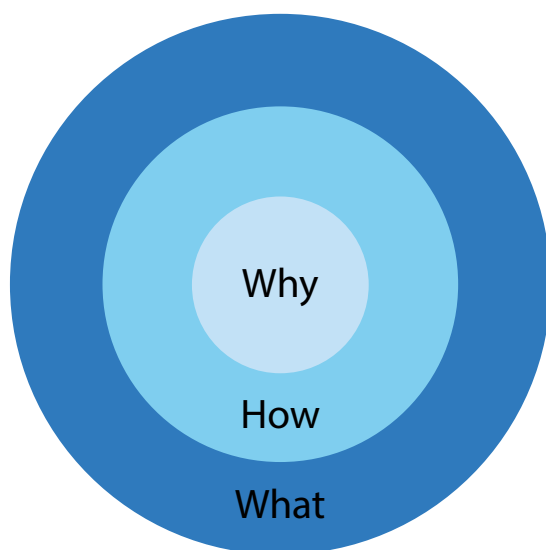
The outermost WHAT ring of the Golden Circle represents the products or services a company sells. The middle HOW ring is an explanation of what the company does. In this ring of the Golden Circle, the company explains why its products or services are user-friendly and stand out from the competition. Finally, the innermost WHY ring is about what a company believes in and represents the purpose of the company's existence.

Most companies start from the outside with "WHAT" and progress inwards, while successful and influential companies often begin with "WHY" and progress out.

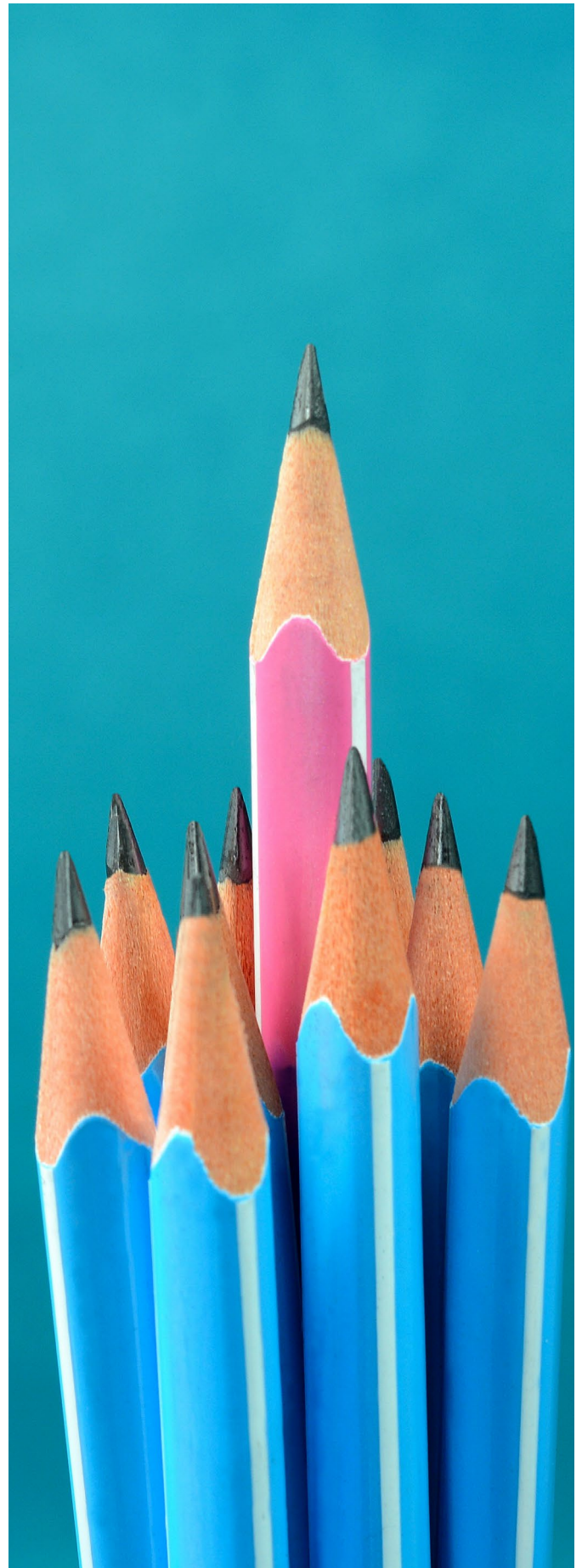
The Golden Circle is highly applicable to running transformation programs in an organization. Any transformation should be driven by the WHY question, focusing on the impact on business value drivers and maximizing stakeholder (and shareholder) value. With satisfactory answers to the "why" question, organizations are better placed to create a vision to inspire and guide all aspects of the transformation.

Sinek believes successful and inspiring organizations start with the why and then communicate their purpose and beliefs to their audience in a way that resonates with them emotionally. This emotional connection helps to build trust, loyalty, and engagement among customers, employees, and other stakeholders. So, the "how" to execute and "what" it will deliver will flow more easily.

The Golden Circle



by Simon Sinek



There is clear evidence that this approach works. Here are the implications for a digital transformation agenda:

1. Identify the right leader

As a result, the transformation leadership model should be based on who is best placed to recognize and define (and articulate) the "why." Very often, no single office can anchor this responsibility

by itself. Rather, it necessitates a shared responsibility where the business, technology, data, and innovation offices work together to enhance the significance of the transformation within the context of their organization.

Today, companies mostly view it as a technology function, with over 30% reporting to a CTO, CIO or CDO, according to the *Infosys Digital Commerce Radar 2023*.

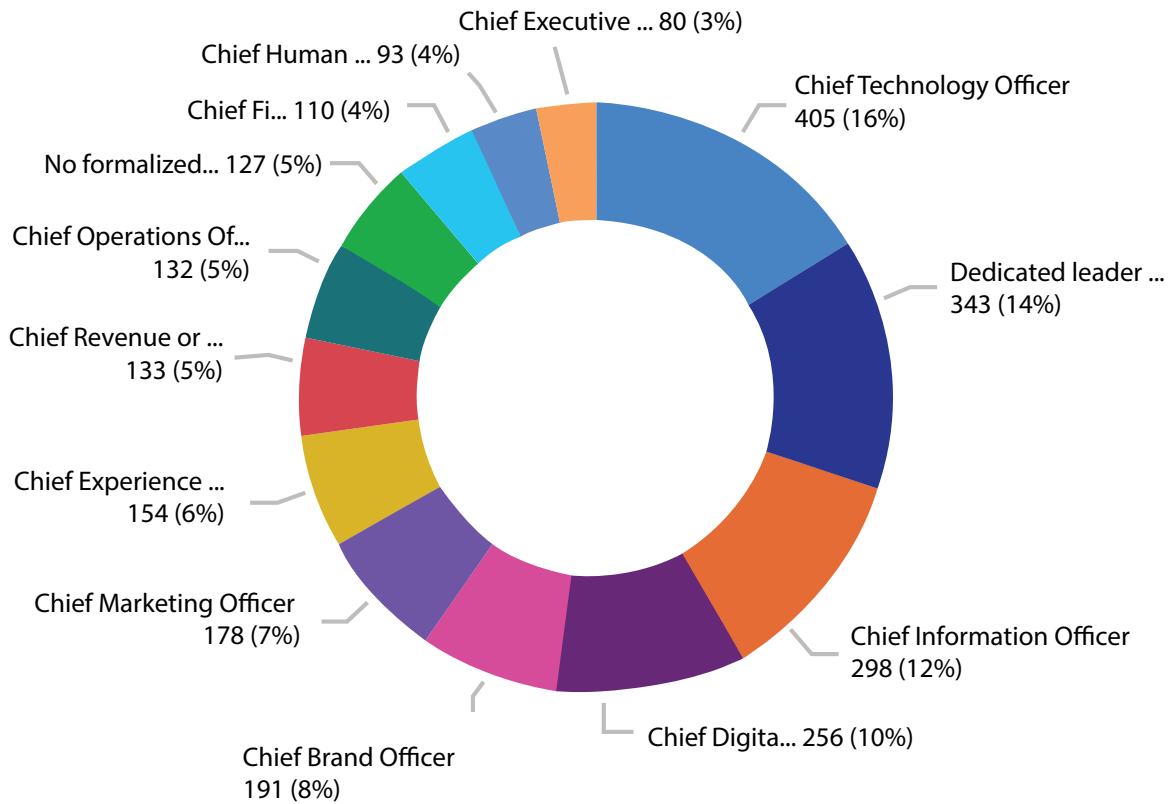


Figure 1 Share of companies by digital commerce leadership Source: Infosys Knowledge Institute



The report further states that digital commerce initiatives require cross-functional efforts to succeed. In fact, companies organized around products or value streams are 50% more likely to be faster to market with innovations .

Furthermore, in the current recession-prone environment, it is relevant that businesses are trying to discover the “why” to answer existential questions like:

- How will customers and competitors behave during a recession?
- Will cash flow smoothly, or must we drastically reduce costs and investments?
- How can we de-risk and exploit new opportunities?
- How do we balance promotion-focused and prevention-focused moves?

2. Foster collaboration

Breaking down organizational silos to take on collective transformative responsibilities and initiatives is crucial. Eliminating silos improves collaboration, innovation, and productivity and enhance alignment, enabling the transformation agenda to succeed and equipping the organization to manage a recession well.

A key success factor is implementing OKRs broken down from the overall business goals and cascading through the organization. This allows collaborative and transparent goals to be set at every level that aids cohesive and aligned efforts.

However, The Infosys Digital Commerce Radar 2023 found that only 7% of companies surveyed had a truly decentralized model with digital commerce roles embedded across business functions and expect more companies to move towards this direction.



Leadership models that work

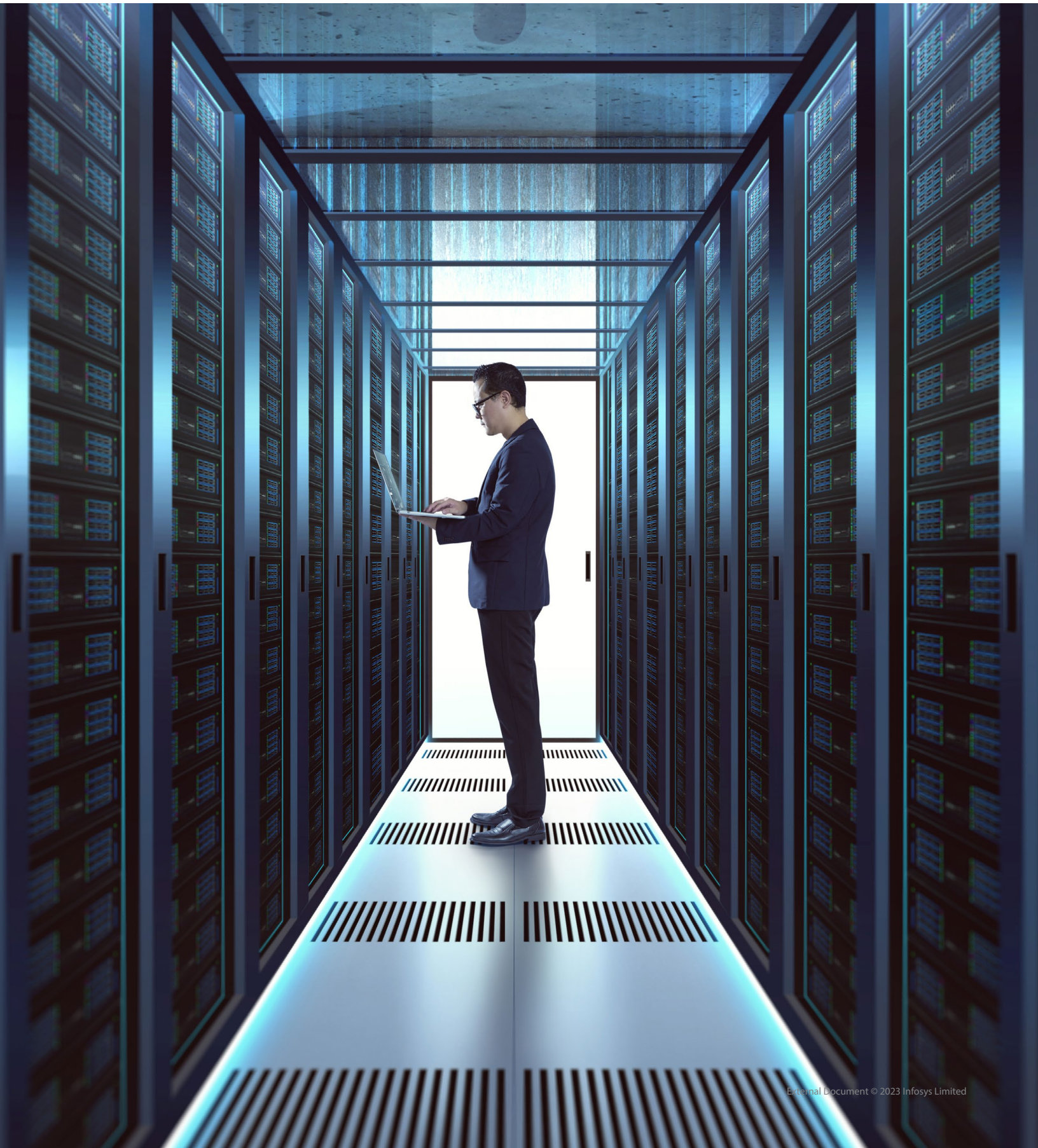
Here are three approaches based on real-life experiences that can effectively drive transformation agendas:

- a. **CxO Cohort** - Many organizations have hired Digital Officers, Innovation Officers, Experience Officers, and Data Officers who do not report to the traditional IT department. Instead, they enjoy a strategic business seat at the table along with the C-suite. So, most transformation projects are not filtered through the traditional CIO/CTO or the IT lens. And that is the right way since digital transformative projects go beyond the typical IT and tech-driven boundaries. Its purview includes devising strategies for technology modernization, skill management, data protection and management, workforce empowerment, change and culture management, determining business outcome-focused success metrics, and uplifting the operating model.
- b. **Partitioning Transformation** - Organizations also apportion transformation initiatives across teams and departments based on capabilities. For example, the transformation initiatives that are external stakeholder (customers, partners, suppliers) focused are often run by separate “digital services” departments, while initiatives to transform backend functions like manufacturing, finance, and HR are run by the enterprise IT department, led by the traditional CIO/CTO.
- c. **The New CIO** - Organizations are redefining the role of the “CIO.” In addition to their usual responsibilities, CIOs are now expected to be key business strategists who work with the C-suite and the board of directors to create the business models necessary to survive and thrive; act as technology evangelists focused on the why of technology and not on the intricacies of IT implementation. Their priorities now include value generation, business transformation and customer centricity, and typical IT concerns such as cybersecurity and implementing emerging technologies.



Concluding thoughts

Digital transformation agendas are too important to fail for an organization. However, given the low success rate, business leaders have a challenging path ahead. They must pay heed to lessons from both the hits and misses. The starting point is to hit upon the right leadership model to enhance their chances of success in a world riddled with uncertainty and rapid technological progress.



About the Author



Partha Ghosh

Partha heads consulting across Europe for Digital Experience at Infosys and is based out of London.

He has nearly 3 decades of experience across Online & Omni-channel Commerce, Retail, Banking domains and BPM & Enterprise Application Integration; delivering mission-critical business outcomes. With an entrepreneurial attitude and expertise across the full spectrum of the IT industry; having worked extensively in core product development & global consulting organizations, he's passionate about business & technology innovations and building high performance organizations and teams.

For more information, contact askus@infosys.com



© 2023 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. Except as expressly permitted, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior permission of Infosys Limited and/ or any named intellectual property rights holders under this document.