Works well with others

The digital imperative that's not technology-related

Even in recent years, a singular focus on function was well-entrenched at many organizations, with functional leaders fighting to protect their individual budgets and competing for resources. That worked well for many companies, as each function was able to deliver results with its hard-won share of the pie. Meanwhile, technology was a force for change, but its impact and integration with other functions was limited, primarily as an enabler of individual functions to move ahead on their own insular tracks.

Fast forward a few years and collaboration within organizations looks very different, driven by the rise of digital — big data and analytics, mobile, e-commerce, digital marketing and social media — that requires functions and business units to work together as never before to plan and execute programs and remove barriers to information- and data-sharing.

Perhaps the earliest and most visible example of this new model of collaboration is the relationship between the chief marketing officer and the chief information officer. As digital has expanded and technology has become more advanced and integral to an organization's success, the CIO has become a true partner to the CMO, and today many CMOs and CIOs work hand in hand on everything from strategy to budgeting, as their missions — and their mutual success — have become increasingly intertwined. Yet, the impact of digital extends beyond marketing and technology, and success in digital initiatives over time will require the engagement of leaders and teams across the organization.

The unifying force behind digital transformation is not ever-evolving technology — it's the customer. Digital has quickly been woven into the fabric of daily life and there is an insatiable demand for faster, easier, better. Customers want seamless, immediate

and effortless experiences across all channels and devices. Paradoxically, providing this level of ease for the customer requires significant coordination on the back end. Digital at its core not only enables enhanced connectivity between customer and company, but also requires robust connectivity between functions within an organization, and not just marketing and IT. Data, expertise and contributions from across the organization — customer insight, innovation, product development, logistics, financial investment, customer relationship management — will be critical to truly maximizing the strategic power of digital.

This opportunity will require that functional leaders work differently than their predecessors and collaborate in ways they never may have before. For instance, without data about customer purchase history, predictive analysis about consumer behavior and the appropriate IT infrastructure in place, customers will not get the most integrated, robust digital experience on their mobile devices, and companies may miss out on opportunities to boost sales. Companies win competitive advantage today when they provide the best customer experience and continuous innovation, impossible feats without collaboration across an organization's functions.

Nevertheless, barriers to collaboration remain: cultural resistance, turf battles, narrow function-focused mindsets, past perceptions of other departments, lingering bad habits, and the lack of CEO support for collaboration or incentives for achieving shared goals. Also, surprising to some leaders and counterintuitive in a fast-paced technological age, cross-functional collaboration around digital can be significantly more time-consuming than a more singular approach because it requires that multiple parties — not just a few key members within the same function — meet, discuss and agree upon a course of action. However, as collaboration becomes more engrained across functions, organizations will be better able to mobilize resources quickly in response to the speed of new developments.

Despite myriad obstacles to collaboration, some senior executives have already taken steps to overcome them for the greater good. Senior leaders today share how they have navigated challenges and are successfully fostering better collaboration across the functions of their organizations in the name of digital.

The power of collaboration around digital

United Airlines recognizes the immense opportunity digital presents for both its customer experience and its bottom line, and knows the only way to stay ahead is by bringing its different functions together. More than 12 million people use United.com and United's other digital channels every week, which already generate more than $10 billion in annual revenue. The airline's top-rated mobile app, which boasts more than 7 million users, is a textbook example of successful cross-functional collaboration. While the mobile app is the responsibility of the e-commerce group, its development and successful use are the direct results of ongoing collaboration among multiple functions: IT development and infrastructure enabling the app's operation; customer data flowing to and from the app; revenue systems for fares and inventory availability; flight updates from operations; loyalty program status and account information from MileagePlus; and much more. "A main consequence of digital is that it requires much more integration and collaboration between conventionally separate business functions," said Thomas O'Toole, senior vice president of marketing and loyalty, and president of MileagePlus for United Airlines. "Collaboration is no longer an aspirational, nice-to-have quality; it is required."

With the dramatic and real-time nature of change today, organizations need farther-reaching and deeper collaboration among their functions in order to respond — not just to succeed, but simply to survive. The rapid shift from print to digital for Dex One, a marketing services provider and publisher of phone directories, was a do-or-die one to ensure the continuity of the business, and it quickly changed the relationships of the company's functions and strengthened others.

"Product management and the engineering functions developed a new set of relationships because of the transition from print to digital," said Atish Banerjea, former chief technology officer of Dex One and current executive vice president and global CIO of NBCUniversal. "Before, product management was figuring out what type of double truck ads would go into the Yellow Pages book and suddenly, they became the product team that was required to develop new digital products. Marketing and sales became very close partners to IT and that relationship was used to transform the products we were building from print to digital." This collaboration also seeped into the sales force, which evolved from a team carrying hard copies of the *Yellow Pages* in satchels into sleek professionals with iPads showcasing the new digital products and services.

The key to success will be collaborating upfront about the goals for digital initiatives. Facebook CMO Gary Briggs acknowledges that while big data presents enormous potential to understand customers at unprecedented levels and to target marketing activities with

astonishing precision, many companies lack a clear direction about what specific conclusions they are trying to draw and what course of action to take.

"You have to start at the outset and ask, 'What question are we trying to answer and what pieces of information are needed to answer that question?'" Briggs said. "For example, when you advertise on Facebook, you can look at the behavior changes of users. My concern about a lot of the big push on big data is that the people who are talking about it are not very clear about what it is they're trying to answer and what outcomes are going to change based upon that amount of information." These big questions about big data cannot be answered by one function alone. CIOs and their teams must be able to explain what is possible with big data and colleagues from other functions must help decide collectively what information is the most relevant and what shared results they hope to achieve.

How to build better collaboration around digital

In order to realize strategic objectives around digital, leaders throughout an organization must all consider themselves chief collaboration officers. Collaboration can be instilled across functions in a variety of ways, from developing shared enterprise goals to evolving individual mindsets about collaboration.

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Develop a collaborative mindset and shared focus on the customer: Improving the organization's ability to collaborate can begin with one or two functional leaders embracing a new mindset — that digital is a long-term priority whose success hinges upon challenging oneself to work with others in new ways — and can then spread across functions. "Good collaboration for me goes beyond having a cordial relationship," said Alexis Nasard, CMO and president of Western Europe for Heineken. "You can have a respectful, friendly, cordial relationship without having collaboration. Collaboration is the step where you cross your comfort zone and go out of your way to understand your counterparts' needs."

Collaboration between functions can be uncomfortable when turf lines have been clearly drawn in the past. Breaking down established barriers or entrenched practices can necessitate what one executive calls "painful tradeoffs." For example, marketing groups at some companies established specialized technology teams over time within the function in response to digital. Today, however, as digital capabilities are increasingly a business-wide need, some marketing leaders are finding they have to relinquish control of some of their digital platforms to IT. When functional leaders trust that their shared agenda will be supported as technology continues to advance, they are less likely to struggle with handing off control of resources.

"From a CIO standpoint, the old way of thinking was, 'What's my budget? How do I protect my budget? What's the next upgrade in X, Y, Z?' Those kinds of things don't have to be No. 1 on your list," said Matt Carey, executive vice president and CIO of Home Depot. "It has to be how to help enable some capability that my business needs that will give us a competitive advantage. A lot of our projects before were what I call domain-area projects. When we talk about interconnected retail, these things are very complex with multiple business heads. You'll have the supply chain person, an operations person and a merchandising person all in the operating group of a project to get it completed. A lot of our projects have gone from independent work to a very matrixed, cross-functional approach."

Cross-functional collaboration is made vastly easier when leaders share the same focus: the customer. For retailers and consumer goods companies in particular, creating a seamless omnichannel experience for the customer has become a priority. In order to create a holistic approach to the customer, it must be mirrored in the internal organization. Each function brings its own specialized

knowledge and data that, when combined, can culminate into a more unified digital customer experience. Marketing, finance, product development and other functions all need to be well-versed in the language of digital, from page views to the ROI of a mobile app, so that everyone has a common vocabulary when talking about the impact on the customer and the business.

Building digital capabilities across the organization also creates a competitive advantage, and companies such as Unilever are bolstering their in-house teams in order to protect it. "The relationship with the customer is core and, today, that relationship is based in digital," said Marc Mathieu, senior vice president of marketing for Unilever. "You don't want to outsource it to an external agency because it's such a core competency. You want to be the one communicating with the customer directly in whichever channels they use."

Beyond the focus on the consumer, the truly collaborative leader prioritizes the company, not his or her individual function. "It's important to focus on the success of the company rather than just on your own personal stake in the game. The people who have the best interests of the overall business at heart excel in collaboration and are better for business," noted Banerjea. "The ability and desire to collaborate across functions is one of the most critical characteristics that I look for when I hire people on my team. The people who are just focused on their own domains tend to hinder the spirit of collaboration that is critical for organizations to succeed in today's digital world."

Set the tone for collaboration and accountability from the top: Every leader we spoke with pointed to the CEO as the primary driver of collaboration in an organization. Typically, the CEO must take the first step in breaking down cross-functional barriers, beginning with difficult conversations with shareholders and the board about the greater investment needed for digital — sometimes at the expense of other legacy priorities — and mandating collaboration among functional leaders in order to maximize the return on that investment.

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O'Toole has adopted an approach to collaboration he calls "proactive transparency." He has found that sharing information and gathering input from colleagues in areas such as revenue management and IT creates the phenomenon of collaborative reciprocity. "I try to engage not because we have to," said O'Toole, who previously served as both CMO and CIO for Global Hyatt Corporation (now Hyatt Hotels Corporation.) "I invite other functions' participation and try to be totally open about what we're doing, and people pick up on that. They appreciate it and it creates mutual engagement. Most importantly, I have an extremely low tolerance for functions being parochial. I don't think that we can indulge in functional parochialism in today's business environment."

Yet a spirit of collaboration from an organization's top leadership is not enough — it has to be tied to accountability. Some leaders use key performance indicators around digital, such as mobile readership, customer satisfaction and conversion rates, in order to measure and articulate the success of certain initiatives, thus reinforcing the collaborative behavior behind positive results or exposing collaborative roadblocks behind negative ones. At Home Depot, functional leaders have weekly meetings to discuss progress on the CEO's imperatives. Tying compensation to shared goals across functions and even to promotion opportunities has also proven effective. O'Toole says that at United, collaboration is an implicit criterion for advancement. "The people who are becoming officers are excellent collaborators," he said. "You need to demonstrate and practice the culture. And culture here is largely synonymous with collaboration."

Unilever has also committed to a "boundary-less" approach to digital — tearing down both philosophical and literal divisions — that is continually reinforced by positive results. "We have a vice president of IT who is on the marketing leadership team and that relationship has grown over time not only because so much more of marketing today is digital, but also because the entire IT function does what they do so well," said Mathieu. "The IT team sits on the same floor as marketing, so technology is embedded in everything we do. Any time we go to the Consumer Electronics Show or to Silicon Valley, someone from the CIO's group goes with us."

Use digital technology tools yourself: Digital is a dominating force in business and life; thus, all functional leaders and their teams need a common understanding about digital and their roles in achieving shared business objectives around it. Everyone in the organization — not just the IT team — needs to "own" digital and become an active user of mobile, social media and other technologies. Individuals and functional teams can educate themselves by experimenting with new ideas and regularly joining another department's meetings to share learnings and insights.

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Beyond creating connections among its users and clients, Facebook uses its own product to connect its people internally. "It's a very open culture," said Briggs. "We use the Facebook product heavily: Lots of groups, lots of very open sharing of information and opinion, which then leads to collaboration. I remember that Sheryl [Sandberg] was interviewed recently and the joke was, 'Do you get in trouble for using Facebook at Facebook?' And the answer is, 'Absolutely not,' because we use it pretty heavily to collaborate."

Being an active user of digital technology helps various functional leaders understand the perspective of the end customers and can help spark ideas for further innovation. "Companies that seem to really get it right are largely users of these services themselves," Briggs observed. "You have to be a user of the product to understand the creative ways to get your message across and to drive change in your organization. So if you're not curious about the user and how the user is actually interacting with these products and that isn't driving you to use the products yourself, then I think it becomes very hard for you to create a course of action."

None of today's digital technologies or the ones yet to come would exist without that sense of curiosity, without someone asking, "What if?" The onus is now on every leader, from marketing to supply chain, to ask that same question about the potential of digital for their organizations and customers — and then work together to find the answer.

Digital cannot deliver on its full potential without one very human element: connection. Advances in digital require similar advances in how functional leaders work together. Cross-functional collaboration around digital is vital for producing more integrated experiences for the customer, as well as improved operations and streamlined processes for the organization as a whole. Digital is larger than any single function and its success relies upon CEOs, functional leaders and team members who embrace the fact that collaboration is a part of everyone's job description.

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