Translating Technology Capabilities into Business Possibilities

The "First Class" CIO

Three Principles that once mastered can ensure the Chief Information Officer is offered a seat at the executive table

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The CIO Challenge

Let's face it: The unspoken truth in many organizations is that the Chief Information Officer (CIO or equivalent) is a *second class* citizen of the executive suite. Just look at the continuous stream of articles that are being written about the "shortcomings" of the CIO role and questioning its survival going forward. For example, a recent survey of 536 C-suite executives worldwide, titled "*The C-Suite Challenges IT: New Expectations for Business Value*," conducted and published by the Economist Group revealed a surprising fact – almost 20 percent of CIOs have no role in setting the IT strategy for the company. Larry Tieman, a well-published author in InformationWeek, describes another disturbing scenario for CIOs in his article titled "*Why CMOs and CFOs Will Rule Above CIO.*" He contends that the executive role of the CIO will be diminished and likely eliminated at many companies. He further insists that while the title of CIO will survive at *some* companies, fewer CIOs will serve on the highest-level executive team, initiate technology changes to improve the customer experience and profitability, or drive innovation. Furthermore, those CIOs who do survive will report to the CFO, COO, or CMO, rather than to the CEO. This is not surprising since many CEOs are already questioning why the CIO position needs to be part of the executive team. This further solidifies the "second-tier" executive status of the CIO role. Making matters worse (for the CIO), is the number of recent surveys that indicate the growing influence of CFOs over IT spending and strategy. Case in point – a recent joint study conducted by Gartner Inc. and various financial groups found that CFOs are now authorizing 26 percent of IT investments, as opposed to the five percent that CIOs authorize!
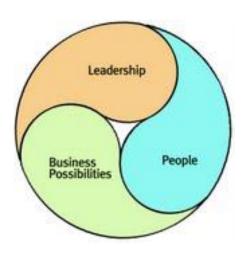

Figure 1 - The "Trifecta of Principles" that successful CIOs have mastered.

So, what's going on? Why do CIO's have such a difficult time proving their value? Given the strategic nature of IT (think mobile computing, clouds, social media, big data, and more) in most businesses, it would seem that a CIO's value, if not obvious, would be fairly easy to establish. Part of the challenge a CIO faces in establishing their value is the fact is that the CIO role *is* fundamentally different from other C-suite executives. For example, most other C-suite executives continue to perform similar activities as they did prior to their executive role. That is not the case for the CIO. Successful CIOs realize this dichotomy and skillfully adapt to their new role. Figure 1 depicts three key principles that successful CIOs have mastered, which I will discuss in the remainder of this article.

Mastery #1

Successful CIOs understand that "Leading" is not the same as "Managing" (Corollary - Struggling CIOs often continue "managing" and fail to transition to "leading")

The truth is that most "leaders" with a heavy technology background are natural managers. From early on they are used to "managing" teams and projects. For example, the typical function of a technical lead on a project is to manage the activities of various technology professionals such as the developers, system administrators, testers, etc. on the project. Almost every function of a technology project is managed in accordance with defined processes and standards. So, it's no surprise that when such highly trained and experienced technology professionals take on leadership roles, such as the CIO, they continue to "manage" as opposed to "lead." Leadership is process of social influence in which the leader enlists the commitment of his followers to accomplish and achieve a common objective. Leadership is about setting a vision for a group to follow while management directs resources based on principles or values that have been established to achieve the shared vision. To be successful, a CIO has to be the leader who articulates a strategy that leverages technology to achieve the overall corporate goals and objectives. Without this leadership, all a CIO can accomplish is maintaining the status quo. However, maintaining status quo is neither a recipe for growth nor innovation, which is what business leaders expect of their CIO today.

Mastery #2

Successful CIOs emphasize People over Process and Technology (Corollary – Struggling CIOs often continue to emphasize Technology and Process over People)

Technology folks love their gadgets! This is quite natural given the fact that they are paid reasonably well to keep up with the latest technology. So, it is no surprise that a many technology professionals fall prey to a common misconception that technology delivers value through its hard assets (servers, storage, software, and networks). The reality is that the true value of IT is actually delivered by people. Filippo Passerini[1], President of Global Business Services (GBS) & CIO at Procter & Gamble, eloquently put it as, "No amount of technology can replace the power of motivated and energized people." Successful CIOs realize that their true mission is not only to "cost optimize" the status quo but make a real difference as CIO by creating "new" value. This is the only way to avoid having IT relegated to a "commodity" function. However, adding new value by leveraging technology requires people, which is why a successful CIO's first focus is on people.

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[1] Fillipo is an excellent example of a CIO who came from a technology background. He joined P&G in 1981 as a Systems Analyst. He steadily rose through the ranks and became the Vice President, Information Technology, Global Beauty Care and North America in 1999 and Chief Information and Global Services Officer in 2004. Under Filippo's leadership, the GBS organization saved the company more than $800 million and more than doubled the speed and relevance of innovation.

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Mastery #3

Successful CIOs translate Technology Capabilities into Business Possibilities (Corollary – Struggling CIOs continue to promote better technology itself as the "key benefit")

I often come across senior IT leaders including CIOs who continue to be perplexed as to why they have so much difficulty convincing business leaders to adopt the latest and greatest technology. To them, the case for the new technology is simple – it is better performing, more scalable, has less downtime, can be managed remotely, etc. What these technology leaders fail to appreciate is that better technology is not the end game. Rather the endgame is about achieving business objectives and creating/sustaining competitive advantage. Successful CIOs realize that as technology becomes increasingly interwoven into everything a business does, it's crucial to be that person who can act as the "translation layer" between the two sides. CIOs who are able to do so are the ones who get invited to discuss issues around business strategy and how technology can help resolve those issues. Successful CIOs are adept at painting vivid pictures of how leveraging technology can help enable newer and more profitable business possibilities.

The Bottom Line

There was a time when one could start off as a programmer, administrator, or other technical position and gradually climb their way up the corporate career ladder to the CIO role. This was just fine as technology was viewed as a function that could be easily abstracted from the rest of the business. As a result, technology folks even at the CIO level primarily interacted with other technology people. Times have since changed. We are now in an era in which technology has become inextricably interwoven into the very core of all business functions to the point where effectively leveraging technology is absolutely essential to gaining and sustaining long-term competitive advantage. Today technology *is* the business! No wonder the C-suite is clamoring for CIOs that can interact with them at their level. This growing frustration within the C-suite is at the root of why many CEOs have appointed non-technology CIOs. Non-technical CIOs have their fair share of challenges as well, especially since the rapid pace at which technology evolves has so far prevented technology from becoming a commodity function. This means applying standardized metrics such as Return on Investment (ROI) does not always yield a strategically sound decision when dealing with technology. That, in fact, is *the* silver lining for CIOs with a technical background – the primary audience of this article. By mastering the three principles outlined in this article, technical CIOs have the golden opportunity to give their organizations the best of both worlds – a technology savvy CIO who can communicate with business leaders in their own language. Such a CIO will undoubtedly claim their rightful seat at the executive table and earn their status as a "first class" executive.

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About the Author

Tarak Modi is a seasoned IT executive, business leader, recognized thought leader, skilled enterprise architect, and well-published author. He has over 17 years of proven experience in achieving mission-critical results by leveraging IT for business value. Tarak brings a unique combination of strong business and technical skills coupled with an excellent educational background that includes several industry-recognized certifications. This distinct combination serves as one of his most valued professional capabilities and provides a solid foundation for his diverse professional experience. As a testament to Tarak's industry thought leadership, he has authored *Living in the Innovation Age* (December 2011), co-authored *Professional Java Web Services* (January 2002), and published over 80 articles on topics such as Innovation, IT Transformation, and Enterprise Architecture. He is an excellent communicator with the ability to explain complex technologies to both technical and non-technical audiences. He has been invited to speak at several events on Innovation, Process Improvement, Project Management, and leading edge technologies such as Cloud Computing. Find out more about Tarak at his website TekNirvana.com.