

*The Strategic CIO: Changing the Dynamics of the Business Enterprise...*

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Chapter 1

Introduction - The Changing Role of the CIO

*For the times they are a-changin'*

....Bob Dylan <sup>1</sup>

There is no better time to be a CIO. Just look around you! The consumerization of IT is dramatically influencing the products and services your company provides to customers, vendors, logistic partners, and business personnel, across the entire value network, to create new markets and competitive opportunities. The CEO and C-suite colleagues understand the potential of leveraging information for strategic advantage but do not know how to accomplish it.

Your role as a CIO is changing from a technologist to a strategist. The consumerization of information technology is revolutionizing how consumers shop, travel, and pay for services. The consumer experience is the focus. On the business side, information technology is enabling almost every single business process, which drives and supports customer value. As a result, you, as the CIO, need to be more involved in business discussions than ever before. In fact, strategic CIOs collaborate with C level peers to develop business strategies and innovate value. The role of the CIO is expanding and those that truly add business value even oversee and manage key business functions. <sup>2</sup>Today, it is all about business outcome. You, as the CIO, are in the best position to participate and enable new information rich products and services. The question is *"are you and your IT organization up to the challenge?"*

- Do you understand the business and competitive environment well enough to help the business achieve significant business outcomes?
- Do your IT personnel have the necessary competencies and skills to effectively partner and participate in business teams?
- Does your CTO understand how to apply the new and emerging technologies for competitive advantage?
- Does your IT organization effectively collaborative partnership with business unit executives and employ speed, agility, and quality in responding to their needs?

You and your IT organization now have the opportunity to collaborate more effectively partner with your business peers than ever before. You are not alone. CIOs all around you face the same challenge and positioned to provide strategic influence on the business. To understand this dynamic, I interviewed over 140 CIOs, IT Directors, and business executives. I captured their insights and experiences on the changing business landscape, leadership challenges, emerging technology challenges, and partnering opportunities. What I found is a compelling consensus on the following four critical barriers that CIOs must overcome if they want to achieve a truly collaborative partnership with the C-Suite and business unit teams to improve customer value, increase corporate revenue, and enhance shareholder wealth.

#### Build Trust and Confidence:

- Newly hired CIOs recognize they need to build the trust and confidence of business leaders by understanding their needs and execute flawlessly on delivering basic services.

#### Improve Business Skills:

- CIOs need to rebalance the skills within the IT organization as business unit leaders expect IT personnel to exhibit business skills if they wish to engage as part of business teams.

Partner with Business Teams to Identify, Analyze, Develop, and Implement Opportunities that Drive Margin and Optimize Cost

-IT personnel working as part of business teams is the best approach to identify business opportunities that leverage information technology to drives top line growth and cost optimization.

Leverage Technology Strategy to Innovate New Value

-The CIO and IT personnel are in the best position to identify information-based opportunities and leverage technology to innovate new products and services for the business enterprise.

Numerous surveys on this subject support these barriers. Following are two examples.

A recent *Deloitte CIO Survey 2013* interviewed 700 CIOs across 36 countries from the United States, Europe, Middle East, Africa, Asia, and Australia support these findings <sup>3</sup>. The survey found that *"Business focused and strategic skills"* are needed by IT personnel.

*"Successful CIOs proactively understand their business partner's objectives and views on technology".*

*"Business focused and strategic skills are needed by IT personnel."*

*"CIOs have some way to go to improve their reputation as a credible partner to the business"*

The Economist survey of 536 C-suite executives also parallel the findings from my research. <sup>4</sup>

*The ubiquity of mobile consumer devices such as smartphones and tablets is eroding the walls surrounding corporate IT environment and making it possible for companies to engage with staff and customers in new ways.*

*CIOs will need to play a new role or IT will change around them. The ability to change depends on IT addressing the C-suite's core needs and doing so through a language that clearly expresses the business value of technology investments*

The impact of how consumers use technology will *"create opportunities for companies to develop innovative products and services to connect with customers in new ways, and to rethink traditional business processes. More than half of CIOs surveyed do not believe that their IT function is considered a credible hub of innovation within their organization"*.

A number of recent books on the same subject also provide similar insights. *The Real Business of IT*, written by George Westerman of MIT Sloan and Richard Hunter of Gartner address how CIOs can transform the C-suite perception of IT from a *cost generator to value creator*.<sup>5</sup> *Digital Disruption*, written by Forrester's James McQuivey, address how companies take advantage of the digital revolution to *get closer to customers and disrupt the usual ways of doing business*.<sup>6</sup> My first book, *Getting It Right*, explains the process of how to prepare a team-based workforce, perceive customer need, and provide new products and services to create sustainable value.<sup>7</sup>

This book is not just for CIOs. It is for Board Members, CEOs and C-Suite Executives, IT Directors, Managers, and Personnel, as well as Business Unit Presidents, Vice-Presidents, Directors, Managers, and personnel. We cannot leave out students, professors, and those in academia who need to understand the changing role of the CIO. Following is a brief description of the value of this book for each of these constituents.

< *Graphic 1-1* > Book Value by Enterprise Role

**Governance: Board of Directors**

Understand the economic and strategic value of information & technology as part of an overall business strategy

**Chief Executive Officer and C-Suite Executives**

Understand how strategic CIOs collaborate with other C-Suite executives to strategically apply information and technology into the business model to drive customer value, profitability, and shareholder wealth.

**CIOs, IT Vice-Presidents, Directors, Managers and IT Personnel**

**CIOs:** Provide the vision, leadership, as well as demonstrate and communicate, how the strategic value of information and technology can change the dynamics of the business enterprise

**VP's & Directors:** Learn how strategic CIOs think about, communicate, and apply the strategic value of information and technology in the business enterprise

**Managers & Personnel:** Learn how strategic IT organizations develop and exhibit business skills as they work within enterprise teams co-developing business solutions that drive bottom line performance

**Business Unit Presidents, Vice-Presidents, Directors, Managers, Personnel**

**Presidents, VPs:** Understand how other company business unit executives work with the CIO in developing new product, service, and process strategies that drive strategic and economic value for the business enterprise

**Directors, Personnel:** Learn how other companies successfully develop enterprise-wide teams-composed of business unit and IT personnel- that work together to leverage information and technology strategically to innovate value and improve operating margin

**Academia: Students, Professors; Research Associates**

Understand the growing and centric role of information and technology in the business enterprise and how it will help you succeed in your future career

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Understand how strategic CIOs collaborate with other C-Suite executives to strategically apply information and technology into the business model to drive customer value, profitability, and shareholder wealth.

### CIOs, IT Vice-Presidents, Directors, Managers and IT Personnel

CIOs:	Provide the vision, leadership, as well as demonstrate and communicate, how the strategic value of information and technology can change the dynamics of the business enterprise
IT VP's & Directors:	Learn how strategic CIOs think about, communicate, and apply the strategic value of information and technology in the business enterprise
IT Managers & Personnel:	Learn how strategic IT organizations develop and exhibit business skills as they work within enterprise teams co-developing business solutions that drive bottom line performance

### Business Unit Presidents, Vice-Presidents, Directors, Managers, Personnel

Business Unit Presidents, VPs:	Understand how other company business unit executives work with the CIO in developing new product, service, and
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Business Unit Directors, Personnel: Learn how other companies successfully develop  
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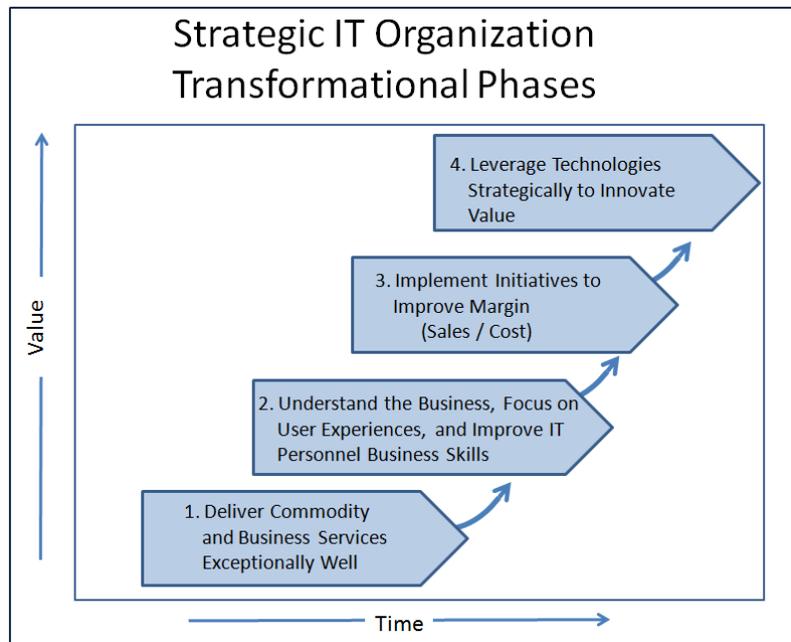
Academia: Students, Professors; Research Associates

Students, Professors; Research Associates: Understand the growing and centric role of  
information and technology in the business  
enterprise and how it will help you succeed in your  
future career

There is no debate that the role of information technology plays an ever-more important role in today's  
global marketplace. CIOs are responding to help the C-suite leverage information technology for strategic  
advantage. During my interviews (with CIOs, and other business executives), I asked the CIOs who have  
traversed the transformation process to explain the process used to move up the curve from a technology  
provider to an effective business partner that collaborates with C-suite executives to create information

based products and services. There is a pattern to this success and I have captured this process in, what I term, The Strategic IT Transformation Phases.

< Figure 1-2 - Strategic IT Organization Transformation Phases



- The four phases represent a model CIOs navigate to improve their strategic impact to the business and comprise the main sections of the book.
- Each section begins with a chapter that summarizes the section content.
- Each book chapter begins with a summary of the objective, key messages, and examples used throughout the chapter.
- Each chapter includes examples of CIO case studies, templates used, and lessons learned.
- An appendix at the end of the book includes a summary of each chapter as well as a list of the CIOs, and other Executives interviewed as part of my research.

Following is an explanation of each section of the book to whet your appetite. At the end of this chapter is a reading guide template you can use to identify which chapters to browse, review, or read thoroughly. Depending on your role, you may wish to focus on different sections of the book. A student who is interested in the importance of information technology in today's dynamic marketplace should read each section diligently. A CEO who understands the need for IT to deliver basic services exceptionally well can quickly browse or review section one but spend more time reading the other sections, in more detail, to gain insight into how the CIO can enable business success. A CEO who recognizes that information and technology plays an important role in developing enterprise strategy, but does not understand how, should read the book carefully. Regardless of your role, there is much information that will help you succeed. The route map is a guide for where to focus your reading time. Regardless of which sections you focus on, there are numerous examples including insights, lessons learned, and templates from CIOs who have traversed the transformation phase.

The first section of the book, **Deliver Commodity and Business Services Exceptionally Well**, explores the foundation phase of the Strategic IT Transformation process. Every CIO knows that to build the trust and confidence of the C-suite, e-mail, phone systems, applications that support the business processes must all work well, each time employees access any of these services. It is comparable to you plugging a cord into an electric outlet. You always know that electricity will flow. This is the level of confidence business needs from the IT department. For those who think this is not difficult, speak to any IT person to explain the complexity of today's infrastructure. To help you understand the complexity of this phase I have included a number of chapters that will help build this capability for any IT organization.

Chapter 2, **Overview- Delivering Services Exceptionally Well**, provides a summary of the chapters in the section.

Chapter 3, **How to Deliver Services Exceptionally Well**, provides two examples of IT leaders who interacted with C-suite executives and business unit leaders to understand the services required to support their business needs.

Chapter 4, **How to Excel at Operational Stability**, discusses the importance of operational stability to ensure that commodity and business services are delivered exceptionally well. Included in this chapter are CIO examples, templates, and a framework for effective governance of operational stability

Chapter 5, **How to Succeed at Project Governance**, highlights the importance of project execution in light of increasing demands from the business. A framework for ensuring effective project governance provides an effective method for use in your IT organization. A case study of how a CIO and his IT team implemented an effective governance process will provide you guidance in how to ensure successful governance.

Chapter 6, **How to Improve Business Value** provides an effective four-step process for how to measure and improve the business value of the services your IT organization provides the business. An IT Process Maturity Grid tool and a case example will help you assess the business value as well as a process to improve the maturity of the business value you provide. Examples of CIO dashboards will help you better understand how you can effectively communicate the value of IT to the business.

The second section of the book, **Understand the Business, Focus on User Experiences, and Improve Competencies and Skills of IT Personnel** is a must-read for everyone, regardless of your role. If you, as the CIO and your key IT leadership team does not understand how the business operates, the markets it competes in, and the value provided to customers, then it is game over. You will never be able to connect on a business level with the C-suite. Even if you, as the CIO, understand these critical components of the business, the challenge is to up skill the competencies and skills of your IT leadership team who are probably well versed in technology but may not communicate with business personnel in a language they understand. Remember, it is all about IT and business personnel working in teams to identify solutions that achieve business outcomes and improve the company's competitive position. This can only be

accomplished if team members, both IT and business unit personnel, can communicate effectively. One way is to focus on user experiences, which provides a common platform, just like a Rosetta stone.

Since this section of the book is, in my opinion, the most difficult to achieve, I have included a number of chapters on each of the key subjects.

Chapter 7, **Overview -Understand the Business**, provides a summary of the chapters included in this section as well as the importance in understanding the business enterprise and competitive landscape in order for your IT organization to serve the needs of the business.

Chapter 8, **Why CIOs Need to Understand the Business to Succeed**, explains why CIOs and the IT organization will not succeed without a well-based understanding of the business, the competitive environment, and the enterprise processes that operate the business. CIOs attain their role from different paths. Some are promoted from within IT or the business side. Still other CIOs attain their role from similar businesses or entirely different industries. Five examples of CIOs who attained their role from different paths provide insights of how they learned about the business. Also included is an example of an executive program that trains up and coming managers from different countries on different business models impact the competitive environment. Attendees learn about teamwork, working in different cultures, and how the training prepares them for their future business careers. A graduate of the program who pursued a path in IT explains how the program prepared her for her success.

Chapter 9, **The Importance of Organizational Culture in Building Effective Teams**, explores the importance of organizational culture in the success formula of transforming into a strategic IT organization. The cultural orientation of your IT organization has a direct bearing on how successful you will be in your journey to transform into a strategic organization. It is important for you to understand the cultural framework, which includes four orientation cultures, each with their underlying characteristics

that compete with one another and impact the behaviors of your IT personnel, in achieving your organization objectives. It is important for you to understand the importance of culture, how to measure culture, and what you can do to leverage your organization's cultural orientation. It is an important component in transforming your IT organization into a strategic powerhouse.

Chapter 10, **The Key Competencies and Skills of a Strategic IT Organization**, focuses on the four strategic competencies and associated skills IT personnel need to exhibit if they are to work effectively in business teams collaborating on identifying, analyzing, developing, and implementing solutions that achieve significant business outcomes. Understanding the business is the main competency required to work effectively in business teams. Additionally, IT personnel need to have a competency to understand the market, competitive environment, and value gaps the company can leverage to achieve competitive advantage. On the technology side, the third competency, IT personnel need to leverage their technology skills with an understanding of basic technology strategy, the need for organizational agility, and the need for strategic project capabilities to enhance project throughput with a high degree of quality and value. These three competencies form the core competencies. The fourth competency cuts across the other three and thus, I name this cross-competency skills. These include the ability to share and communicate a vision with business teams as well as provide leadership when engaging with business teams on the power of information and associated technologies.

Examples from eight corporations of how IT organizations use each competency and associated skills in working with business teams provides real insight and lessons learned that you can apply within your IT organization.

Chapter 11, **How to Measure the Strategic Maturity of Your IT Organization**, focuses on how you can measure the strategic maturity of your IT using a five-step process. A template and case example provides you guidance in how to use the template to identify the maturity gaps of the strategic IT

competencies and skills in your organization that need to be improved. Included are suggested scenarios of how you can use the maturity assessment for different IT teams and suggested techniques to improve the strategic maturity skills.

The third section of the book, **Implement Initiatives to Improve Margin**, builds on the first two sections for the book. Delivering services exceptionally well and improving the business skills of your IT personnel enable your IT teams to work collaboratively as part of business teams on initiatives that result in real business value for your company. Case study examples of CIOs that drove initiatives resulting in improved sales, and or, reduced costs provides you with real insight how strategic CIOs think and collaborate with business C-suite executives to drive change.

Chapter 12, Section Overview, **Implement Initiatives to Improve Margin**, provides an overview of this section. The focus is how important it is for your IT personnel to work collaboratively with business teams to identify initiatives that improve business revenue and or reduce cost in line your company business strategy.

Chapter 13, **How Strategic CIOs Focus on Initiatives to Improve Margin**, provides case examples of five CIOs from a variety of industries - Chemical, Pharmaceutical, Gas and Oil Explorer, Chemical, Information Technology Service Provider, and Banking- drove initiatives and partnered with C-suite executives to form IT/Business teams that implemented significant initiatives that improved their company performance. The insights from these CIOs will help you better understand how they successfully leveraged their trust based relationship and IT personnel business skills to partner collaboratively to achieve business outcomes.

The fourth section of the book, **Leverage Technology Strategically to Innovate Value**, will take you through the journey of seven CIOs who leveraged their business knowledge, C-suite relationships, and IT personnel business skills to leverage information and associated technologies to drive innovative and measurable value for their company. The section starts with a chapter that explores the significance of leveraging technology strategically and examples of where information and associated technologies seamlessly weave into our daily lives. With this foundation, we highlight five CIOs, in subsequent chapters, who have successfully leveraged technologies strategically to innovate value.

Chapter 14, **Overview - How Strategic CIOs Leverage Technologies Strategically to Innovate Value**, provides an overview of how this phase of the IT Strategic Transformation model leverages the prior three phases as well as a review of the forthcoming chapters.

Chapter 15, **The Importance of Leveraging Technologies Strategically to Innovate Value**, will help you understand the significance of leveraging technology strategically. Included are examples of where information and associated technologies seamlessly weave into our daily lives.

Chapter 16, **How FedEx Leverages Technologies Strategically to Innovate Value**, provides in-depth examples of how the CIO, his IT leadership team, and IT Teams work with business teams to create competitive advantage for the company. How the CIO-Rob Carter- and his IT organization dramatically changed the way business units use information technology is a great example of IT leading the charge to change the business model. Additionally, you will learn the process Carter used to convince the CEO that the IT organization could help the business provide a more information rich business model to enable business units to more effectively work together but still maintain this independent structure. A perspective from the business unit CIO of FedEx Freight is an equally good example of how technology is leveraged to create unique business value. A third example of a business unit CIO leveraging technology to create a new service offering will help you perceive how IT leaders think about driving new

value for the company. Additional examples of leveraging technology will provide you additional insights.

Chapter 17, **How Procter and Gamble Leverages Technology Strategically to Innovate Value**, provides a different view from the most senior IT executive at Procter and Gamble. Filippo Passerini is passionate about helping business leaders make well-informed business decisions. He and his team digitized information and implemented data analytics across Procter and Gamble to enable employees, managers, and executives understand the implication of company data and make the necessary business decisions with reduced risk. His strategic initiatives to leverage technology are heralded by the industry. His award by Berkley's Hass School of Business for a CIO Lifetime Achievement Award speaks to his results. This chapter is a must read for everyone who wants to get inside the brain of a strategic CIO.

Chapter 18, **How Five CIOs From Different Industries Leverage Technology Strategically to Innovate Value**, will help you understand how CIOs from different industry tackle the challenge of overcoming the chasm between IT and the business. Each does so by focusing on providing business value through leveraging technology strategically. You will learn how the CIO of Build a Bear Workshop changed the physical in-store model of customers creating stuffed animals into a digital experience that broadens the reach to customers throughout the entire shopping experience. The CIO of Penske Corporation shows us how to leverage technology across a myriad of businesses in different industries. The CIO of Express Scripts collaborated with business leaders to help customers improve their health outcomes through enabling technologies that also improved business results; a win for the customer and a win for the company. The CIO of Verisk not only applies technology strategically to innovate value in the insurance risk business but also leads a newly developed business unit to help companies manage risk along their supply chain. The CIO of Lehigh Valley Health Network innovates value in providing health care through integrating technologies with patient services that results in saving lives.

## **Chapter 19, Executive Challenge**

The book concludes with Chapter 19, Executive Challenge, which discusses an ongoing challenge for C-Suite executives. Every day personnel across the enterprise make business decisions that could adversely impact the company revenue, profitability, and even survival. Remember the 2012 JP Morgan's London Whale scandal! The challenge is how to proactively identify and mitigate potential risk areas for major business processes. An information based enterprise solution that captures process history, adverse impacts to the business, and mitigating actions becomes a "coach and mentor" to personnel throughout the enterprise and provides management with "early-warning" indicators of potential problems. Think of this as having a coach sitting on your shoulder providing you with warnings, guidelines, and actions that can avert a potential risk areas.

## **Final Thoughts**

Buckle up and get ready to take a journey that will accelerate your career. Learn from CIOs who succeed at collaborating with C-suite executive to drive improved business value and transform their IT organization into business savvy team members. Use this journey to develop your strategic course to become a strategic CIO. Read, learn, apply, and most of all, have fun.

Following is the Reading Guide Template to plan your journey.



Citations:

1. *The Times They Are a-Changin'* by American singer-songwriter [Bob Dylan](#), released in January 1964 by [Columbia Records](#).
2. Where Process is King, Phil Weinzimer, CIO Magazine, July 1, 2013
3. *The Deloitte CIO Survey 2013: Reconnect. Rebuild. Reimagine. Redeliver.* © 2013 Deloitte Touche Tohmatsu ; [http://www.deloitte.com/assets/Dcom-Australia/Local%20Assets/Documents/National%20Programs/CIO/Deloitte\\_CIO%20Survey\\_2013.pdf](http://www.deloitte.com/assets/Dcom-Australia/Local%20Assets/Documents/National%20Programs/CIO/Deloitte_CIO%20Survey_2013.pdf)
4. *The C-suite Challenges IT: New Expectations for Business Value*; Written by Economist Intelligent Unit; The Economist; Sponsored by Dell Services; <http://i.dell.com/sites/docontent/business/solutions/whitepapers/en/Documents/final-study-the-it-challenge-dell-economist-report.pdf>
5. *The Real Business of IT: How CIOs Create and Communicate Value*; Richard Hunter and George Westerman; Harvard Business Press, Boston Massachusetts; © Gartner, Inc and George Westerman
6. *Digital Disruption: Unleashing the Next Wave of Innovation*; James McQuivey; © 2013 Forrester Research, Inc. Published by Amazon Publishing
7. *Getting It Right: Creating Customer Value for Market Leadership*; Philip Weinzimer, © 1998 John Wiley & Sons, Inc.