Chapter ONE

The Once and Future CIO

"In the past, hundreds of billions of IT dollars were wasted either because no metrics were used, or worse, because the wrong metrics were used."

Mark Lutchen

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Yesterday, Today, and Beyond

Before we can talk about partnering with the CIO, we first need to understand how the role of the CIO developed. Second, we need to get a clear fix on where the CIO stands today. Third, we need to plot a likely trajectory for the next generation of CIOs—because they are the IT customers of the future!

Those of us who came of age during the era of FORTRAN and COBOL know in our bones how much the IT universe has changed over the past 35 years. If you're old enough to remember writing programs on punch cards, you will also remember that in the 1970s and 1980s, most organizations didn't spend a lot of time or energy thinking about IT.

They weren't even calling it IT back then; they called it IS, the acronym for information services. At most companies, IS budgets represented mere fractions of annual spending—certainly not enough to warrant close attention from senior executives or directors.

The IS manager was a creature of this semiopaque, laissez faire environment. He (or, rarely, she) was not considered a player in any corporate sense. The IS manager was a technical person whose primary job was making sure the company's mainframe computers got fixed when they broke down. Gradually, as terminals began appearing on desks, the IS manager's job expanded to include making sure the terminals got fixed when they broke down.

The adoption of client–server systems in the 1980s made life more interesting for the IS manager but didn't do much to raise his or her status in the corporate table of organization.

It wasn't until the mid-1990s, when organizations truly started to understand the strategic value of information, that IS began getting the respect it had long deserved. Suddenly everyone was talking about the Age of Information. Companies referred to themselves as "knowledge-driven." The global economy was an "information economy." We were "wired" citizens of a brave new "digital society."

If the "information superhighway" seemed like pure hype, other concepts such as the "killer app" and the "networked economy" struck a chord and helped define an era of radical change.

From the corporate perspective, the digital revolution transformed information from an inevitable by-product of routine transactions into a coveted asset with unlimited potential value.

The new focus on information elevated the role of the IS manager. Many companies began referring to their IS functions as IT, which suggested a broader scope and reflected the decade's infatuation with technology.

Soon it became apparent that IT was too important to be run by a mere manager. So the manager of IT became the director of IT. From there, it was a hop, skip, and jump to CIO (chief information officer).

Even when a company's CIO wasn't a full-fledged C-level executive, the prestigious title certainly indicated a higher rank than that of his or her predecessors.

When the title CIO was coined, the C-suite was still a lonely place. Sure, there was the CEO, the CFO, and maybe a COO. But you didn't have today's crowd of chiefs on the organization chart.

The first generation of CIOs wasn't jostling for elbow room with CMOs (chief marketing officers), CPOs (chief procurement officers), CCOs (chief customer officers), or CLOs (chief learning officers).

An Evolving Model

The earliest CIOs (let's call them CIO 1.0) were pioneers in the sense that there was no road map or precedent for them to follow. Whether they worked at Fortune 500 companies or Internet start-ups, they were creatures of the dot-com boom.

CIO 1.0 was the living embodiment of a new business model, based on the belief that information, if properly managed, would drive growth. In this model, IT was an essential component of business strategy.

The subsequent dot-com bust proved beyond doubt that the model needed work. Fortunately, its central principle survived the bust. That principle was simply this: Competitive organizations need world-class IT.

There was still plenty of debate about the intrinsic value of information, but nobody was disputing the basic argument that IT had ascended to the level of a core competency or that companies could not grow without an IT strategy firmly in place.

Despite the bust, the IT genie didn't go back into the bottle. Under intense pressure from a host of internal and external forces, CIO 1.0 evolved into CIO 2.0, not quite yet an emperor, but a significant player in the new economy.

The CIO of today is a leader. He or she plays a key role in the planning, development, and execution of companywide strategy. CIO 2.0 is a "go to" person for achieving the company's primary strategic business goals—growth and profitability.

CIO 2.0 enjoys higher status than CIO 1.0 but shoulders far heavier responsibilities. If you're a CIO, you know exactly what we're talking about.

A Multiplicity of CIOs

CIO 3.0 might not be a single individual. Ellen Kitzis, Gartner, vice president of research, and co-author of *The New CIO Leader*, says that tomorrow's IT department won't be a monolithic organization.

"At Gartner we have a team that studies the future of IT organizations," says Dr. Kitzis. "In one of our scenarios, there are as many as three different organizations for IT. One organization focuses on utility and another focuses on business change projects. Another organization concentrates on innovation and strategy."

Would an enterprise with multiple IT organizations need multiple CIOs? Some of the IT organizations might be led by CIOs. But others might be led by executives of business units or functional areas that depend on IT resources. There might be an IT organization focused on utility, another focused on innovation, and yet another focused on business change projects.

Dr. Kitzis suggests that different IT organizations within the enterprise might have significantly different kinds of relationships with suppliers. For example, the IT organization responsible for utility probably would have relationships with fewer suppliers than the IT organization responsible for innovation and R&D (research and development).

"That's because the utility organization will be focused on building stable business processes, while the R&D

organization will be out there looking for edgy stuff and testing relationships with many suppliers," Dr. Kitzis explains.

The IT organization responsible for business change will be likely to form relationships with suppliers who understand a variety of business processes and business models.

If any of these scenarios plays out, the role of the IT sales rep might change dramatically. A single rep, or a single team of reps, simply wouldn't have the bandwidth required to successfully manage relationships across an enterprise with multiple IT departments, multiple CIOs, and decentralized decision-making processes.

On the other hand, the emergence of highly specialized IT organizations might make the sales rep's job much easier since each organization would have its own clearly defined goals and processes. It would be easier for the sales rep to identify the real needs and business challenges of each IT organization within the enterprise.

Ideally, IT sales reps would leverage their knowledge to create highly customized, perfectly tailored pitches for each organization. This would end the time-honored and generally despised practice of recycling generic sales presentations by adding two or three new slides and hoping the CIO doesn't notice.

A Strategic Mind-Set

Today's CIOs aren't paid to make tactical decisions. Instead, CIOs are paid to make decisions that will benefit their companies over the long term. Recognizing this, some companies are giving their CIOs new titles, such as senior vice president of business transformation or vice president of strategic development.

Make no mistake: Modern CIOs are strategists, and that means they need to be treated differently from how they were treated in the past when they were tacticians.

In his historical plays about King Henry IV, Shakespeare describes a situation that's relevant to our point. The king's son, Prince Hal, is a nasty juvenile delinquent. Hal's drinking buddy is Falstaff, an overweight knight who prefers carousing over fighting. Hal and Falstaff are best friends and partners in crime—until Hal's dad dies and Hal becomes king. As King Henry V, Hal is responsible for the safety of England. He becomes a different man—and cuts off his friendship with Falstaff. It's a sad moment on the stage, but it speaks to an inescapable truth. When someone's responsibilities are elevated, they change.

How much do they change? When someone moves from a management role into a leadership role, the change can be enormous. In "CIO to CEO," a white paper published by Korn/Ferry International, authors Mark Polansky and Simon Wiggins draw fascinating conclusions from an in-depth study based on data gathered from more than a half-million top executives (nearly 1,500 of whom were senior level IT execs). The data was mined and analyzed to develop "success profiles" for CEOs, COOs, and CIOs.

The study shows that successful CIOs tend to behave much like successful CEOs and COOs. There are some striking behavioral differences, of course, but the net takeaway is that many CIOs have adopted, or are in the process of adopting, styles of leadership and thinking that are very similar to those of the topmost executives.

How do the topmost executives generally behave?

- They focus on long-term objectives.
- They think in terms of profit and loss, rather than costs.
- They have a higher tolerance for ambiguity than lower-level executives, but will respond quickly and decisively when a situation demands swift action.

Our experience leads us to believe that these behavioral styles are gradually becoming the norm for CIOs. If you accept the premise of the Korn/Ferry white paper, CIOs who aspire to become COOs or CEOs have already embraced those behavioral styles. That's why a sales pitch that worked just fine yesterday isn't going to work tomorrow. The mind-set of the target audience will have changed.

So here's our advice: When you're pitching to the CIO, act as though you're pitching to the CEO. More specifically, when you're talking to the CIO, remember that what you're really doing is preparing him or her for a meeting with the steering committee or board who is responsible for approving large-scale IT projects.

So if 80 percent of your pitch to the CIO is about the deal or about your company or about your platform—you're toast, dude!

The CIO is struggling to see the big picture and needs your help. So flip that old pitch on its head. Make sure that 80 percent of your conversation is about the business value you're going to create for the CIO's organization. Now you're talking the right language.

Yes, You *Are* Important

So far, we've highlighted changes in the CIO's role. We've looked at a variety of external and internal forces that are relentlessly transforming the CIO from a tech manager into a business executive.

But there's another critical force acting upon the CIO. That force is you, the IT supplier. You play a major role in shaping the CIO's perspective and determining his or her long-term success. At the end of the day, the CIO's performance is judged largely by how well your products perform and how well your organization supports the CIO's strategy.

Sometimes You Have to Ask

It's helpful to imagine the CIO as the conductor and the IT suppliers as members of the orchestra. If you play well, the CIO will get a standing ovation. The audience might not be aware of your contribution, but the conductor knows who is playing well—and who isn't.

As a supplier, you need to know the business priorities of every CIO you work with. If a CIO doesn't volunteer to share his or her priorities with you, then it's your job to ask for them. If you determine that a CIO isn't exactly sure about his or her business priorities, then help the CIO figure out what's really important—and what's not.

More often than not, you will find that the CIOs you deal with are eager to hear your opinions and happy to let you serve as their mentor. They want to trust you, and they want to have faith in your advice. Don't disappoint them, and never ever give them a reason not to trust you.

Your success depends on your ability to build and nurture long-term relationships with CIOs. Their success depends on their ability to develop long-term relationships with suppliers they trust.

It's not easy to build and maintain trusting relationships in a turbulent, ever-changing industry such as IT. But those relationships will be absolutely critical to sellers and buyers.

Share the CIO's Priorities

We're great fans of Mark Lutchen, the former Global CIO of PricewaterhouseCoopers (PwC). Lutchen is currently the senior practice partner for PwC's IT Effectiveness Initiative, which develops practical strategies for managing IT risks and optimizing IT investments. He is also the author of *Managing IT as a Business*, a no-nonsense guide for senior executives grappling with the challenges and opportunities created by technology.

In his book, Lutchen observes that the current trend in IT management is less of a great leap forward and more of "an inescapable return to reality. In the past, hundreds of billions of IT dollars were wasted either because no metrics were used, or worse, because the wrong metrics were used."

Lutchen outlines six critical steps for CIOs who are seeking a path through the wilderness of IT management. His six steps are also extremely useful for IT suppliers who want to share the vision and priorities of their CIO customers.

In fact, a wise supplier will embrace these six steps and actively assist the CIO as he or she follows the steps to their logical conclusion: an IT organization that is perfectly aligned with the goals and profitability drivers of its parent organization.

Here are Lutchen's six steps:

1. Bring IT into the mainstream of the enterprise.
2. Consider the IT organization as a stand-alone business unit (though not necessarily a profit center) that ad-

vances the agenda of both the corporate center and the various business units.

3. Link IT strategy to corporate strategy, but with a focus on practical execution rather than theory and idealized processes.
4. Require business units to define their IT needs and require IT to provide services through a methodology of rigorous relationship management.
5. Institutionalize a culture of customer service, on-time delivery, high quality, and results-oriented performance.
6. Reward IT executives and managers on their outcomes that drive business value at all levels.

Lutchen's book contains more than timely advice for the modern CIO—it's a road map for IT suppliers trying to get inside the minds of their customers. Here's something to consider: If the CIO's goal is linking IT strategy to corporate strategy, shouldn't you be doing everything possible to help the CIO achieve that goal?

If you look carefully, you'll find that each supplier in the CIO's "inner circle" is actively and energetically helping the CIO align the IT organization with the rest of the enterprise.

Points Along the Curve

We all have a tendency to generalize, especially when we're trying to construct a good argument. But here's a thought

Aligning with the CIO's Objectives	
CIO Responsibilities	**How the Vendor Can Help**
Align IT operations with enterprise business goals.	Consider the impact of any proposed solution on the larger enterprise.
Manage IT as a business.	Look beyond your annual objectives and understand that the CIO is looking at the long-term view (5-7 years).
Link IT strategy with corporate strategy.	Make sure you understand how the needs of individual business units map to the objectives of the larger enterprise.
Identify and prioritize business needs across the enterprise.	Respect IT governance; document business needs and recommendations *without* the use of exasperating sales jargon.
Satisfy internal and external business clients.	Put skin in the game; don't walk away after the contract is signed; deliver on your promises.
Drive business value.	Measure success; show the client how your project delivered value over time.

Figure 1.1 CIOs want to work with suppliers who understand their objectives and align their sales tactics accordingly.

worth remembering: There is no “standard” CIO. Each CIO is unique. Each brings a slightly different set of skills to the job—and each CIO operates within his or her own personal comfort zone.

Don’t expect every CIO to be

- A whiz at financial analysis.
- A management genius.
- Familiar with the latest technologies.
- Capable of envisioning the enterprise-wide consequences of his or her purchasing decisions.

Every CIO is likely to benefit from some measure of your insight, guidance, and advice. It’s your job to determine how much help the CIO needs—and to provide that help in a way the CIO finds palatable.