CIO ROUNDTABLE:

The CIO at a Technology and Cultural Crossroads

An Enterprisers Project Virtual Roundtable

CIOs have an opportunity to exert more strategic influence than ever before, but many find their time and focus are being consumed by keeping the lights on. A new CIO/IDG Research Market Pulse report sponsored by Red Hat asked 100 respondents at the IT director level (and above) how IT was perceived at their organizations. Only 10 percent said they were seen as "business peers" who spent time on developing, not just enabling, business strategy. What's worse is that just 4 percent of business stakeholders were thought to see IT as a "business game changer." Despite this perception, IT is playing an increasingly critical role in virtually every organization today.

The Enterprisers Project assembled a group of seasoned IT leaders in an interactive exchange and asked them to give some tangible advice to CIOs who find themselves standing at this cultural crossroads. Here are some highlights from the conversation.

Panelist Profiles

CYNTHIA STODDARD
CIO
NetApp

JOHN MARCANTE
CIO and Managing Director
Vanguard

EAMON O'KELLY
VP of IT for NA-region
Schneider Electric

PETER BUONORA
Enterprise Architect
BJ's Wholesale Club

RAJESH WUNNAVA
Senior Director of Global
Information Services
Warner Music Group

CURT CARVER
Vice Chancellor and CIO
**Board of Regents of
the University System
of Georgia**

CLIFF TAMPLIN
Consultant and Former
Vice President of Technology
Support & Risk Management
Hyatt Hotels Corporation

You can download the full CIO/IDG Research Market Pulse report, "CIOs at a Technology and Cultural Crossroads," at enterprisersproject. com/cio-report

ROUNDTABLE: The CIO at a Technology and Cultural Crossroads

THE ENTERPRISERS PROJECT (TEP): Let's start by looking at the title of this research report. Do you all feel the CIO is now at a technology and cultural crossroads? If so, why? If not, why not?

Cynthia Stoddard

CYNTHIA STODDARD: Yes, I think the CIO position is at a crossroad. When I speak to various groups about how we've changed our organization to be adaptive, I always begin by covering Gartner's 'Nexus of Forces' concept and how it impacts not only IT but also the business. I think a CIO needs to question their own operating style. If you don't willingly jump in and think about how you are going to keep IT relevant from multiple perspectives (business and IT), then you will be relegated to that 'back office' type of CIO and eventually risk having you and your organization minimized.

The role of the CIO has always been important, but I think it's even more so now because there are no real boundaries where technology stops. Today, everybody is a technology expert. You can no longer dictate technology on desktops or productivity apps. We did at one time and it was accepted. So you have to be flexible and live in a world with blurred boundaries. So yes, I definitely think the position is at a crossroad and CIOs have to expand their perspectives in order to stay relevant and continue to bring business value.

Cliff Tamplin

CLIFF TAMPLIN: I would add that when you talk about a crossroads, it implies it's a one-time event. And to just really reinforce what Cynthia was saying, it isn't a crossroads; it's a street full of crossroads. Because the world is constantly evolving, and staying relevant isn't a one-off event. You've got to constantly do it as the business changes, as the world changes.

PETER BUONORA: Yes, I think there is a vacuum. If IT doesn't fill that vacuum and that void for leadership around this rapid change that's happening in our industry and in every industry, then that vacuum is going to be filled in some other way. Maybe it's the CMO or others in the organization that are going to step up and try to lead that change. But I think IT is positioned perfectly in a way that we have, not only a foundation of knowledge around technology, but an understanding of how to use some of these capabilities so that they fit with our business model and make sense. It's a great opportunity to step up. Otherwise, as Cynthia said, you will be relegated to that back office.

RAJESH WUNNAVA: One of the things I think can come out of being stuck in so-called firefighting mode and tactical activities is making that your strength. This has been said many times, but you have this unique position where you actually know the business from end-to-end from every department, every function. Rather than view the role as being operational and look at it short-term, you can come and make a difference incrementally by looking at both the operations and the future roadmap. Get out of this firefighting mode and use that experience to turn that into an advantage. That's how you could actually shift not only what you're doing, but how you're perceived. Otherwise you can be doing a great job keeping the lights on, but that flame is going to move fast if you don't really present the big picture and how you can turn that knowledge fast — knowledge that no other leader in the organization except maybe the chief operating officer has. That would be my view on how to shift the perspective.

John Marcante

JOHN MARCANTE: We're talking about how IT stays relevant to the business — how IT can deliver meaningful and competitive advantages. How do you, as the CIO, gain the credibility? How do you get out of the tactical and into the future? Think about Maslow's hierarchy of needs. Before you achieve self actualization, there are some basic things (food and shelter) that we all have to deliver, think stability and availability. After you excel with the foundational capabilities, you earn the right to work on the more strategic aspects of the job. But let's not be fooled, you can get enamored with the foundational stuff and miss the truly transformational opportunities. So the question is how do you, as the CIO, move ahead? I'd encourage you to have a great conversation with CEO/Chairmen

about how to enable this for your company. One approach may be to recognize that there are some incredibly talented and brilliant people in IT who have the competencies for business rotations. What tends to happen, especially with non-tech companies, is that IT gets pigeonholed and there is a fear that IT professionals lack broad perspective around the business. Rotating people out of IT, into corporate strategy, or into other business areas, broadens and accelerates their growth, builds credibility and business acumen in future IT leaders. Plus, CEOs understand the hunt for talent. For me, about half of my staff grew up in IT and has rotated out into corporate strategy or other business roles and then rotated back into IT.

I think sometimes rotating people out of IT, into corporate strategy, into other areas, you begin to see their growth accelerate. And if you really want to have credibility in IT and understand the business, I think that's a practical way. It's certainly a conversation that I would want to have right away with a CEO and chairman if I started at a new company.

CYNTHIA STODDARD: Yes, I totally agree with that point of view. Everybody talks about the seat at the table, and I've always maintained that you can't ask for the seat at the table. Your actions should demonstrate that you have the knowledge to have that seat at the table, which comes from being close to the business. And that seat at the table is not limited to just CIOs as there are many seats at many tables. And rotation, formal or informal, is a great way to do get close and build a solid partnership.

I'll give you an example of something I'm doing with my Enterprise Architects right now. One has spent a portion of time with the sales organization – joining sales calls, and events to speak about technology

solutions as a true IT practitioner. We also have situations where we have placed IT staff on loan within the engineering group for a percentage of their time in order to build a tighter link between the IT practitioner, and the people who are actually building our products. This can be a full rotation in and out of the business as John was talking about, or you can work with the business unit and say, "Hey, we've got these skills. Why don't we share it for 50 percent, or 30 percent, or whatever percent of time that makes sense?"

TEP: Great point. Eamon, you recently brought up an example of literally getting out in the field to make a connection with the business.

EAMON O'KELLY: Yeah, absolutely. Unless we really know how they make money, then I don't think we can really engage in the conversation and push our technology model to build their business and move into adjacent sections.
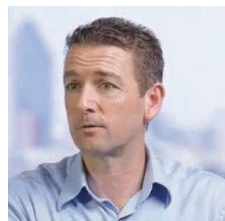
Eamon O'Kelly

TEP: One of the standout points in this survey was that very few felt they were in a position where they could develop and refine business strategy or drive business innovation. What advice would you give CIOs and IT leaders in that position?

PETER BUONORA: I think it's important to find areas in the business that are receptive to trying different things. Partner with business areas that are receptive to that. And as others see the success that you're driving in those areas, they'll want to partner with you as well and try similar things in their areas. I know certain people in our organization in areas of the business who are very, very open to that mode of working, and we've been able to do some

things that are pretty incredible by partnering with them and having that strategic leadership role. As others see that success, they reach out to us as well and try to get the same sort of things going.

ON FUNDING INNOVATION IN I.T. DEPARTMENTS

TEP: Pulling a stat from the survey: 57 percent of these respondents said that even when they were given the opportunity to innovate, they rated their budgets as fair or poor. So how does the next-generation CIO avoid having to go hat-in-hand to the businesses and find that funding? Or how do you make that equation work?

EAMON O'KELLY: I do have that issue, but I really don't see it as hat-in-hand. I think if we're really creating a compelling business shift or value shift for them, it should be a co-investment. It should be pretty straightforward. And not just 'should' be, it is, because I have gained funding that way.

CYNTHIA STODDARD: I agree with that. Also something that we have done in the innovation space is to look at it from the aspect of creating a self-funding model. So look for innovation that will add some efficiency in business process or in IT, and then reinvest those dollars into further innovation. There is a lot of creativity that can come from the masses. If you engage individual contributors and provide them some leeway, they can come up with some absolutely amazing ideas for how you can save money, how you can reinvest it, and even move forward with it. So as a point of advice to other CIOs, I would encourage them to reach out to members of their organizations to get ideas from them on

how they can be innovative along with opportunities within their organizations that could help fund some of the efforts. Once it takes hold, it's just this positive chain reaction going forward.

JOHN MARCANTE: If you feel it's all about expense reduction, you're really missing three to five times the value IT can bring. Technology is a weapon to drive growth. I think any CFO, and I'll pick on the CFO for a minute, but any CFO can make the case for cost savings. Those savings are tangible. But real value can also come when technology is used to find top-line growth – revenue, sales, increasing client loyalty. These are the objectives which matter most to any business.

> " *Technology is a weapon to drive growth.* "

I agree with Pete, start by partnering with a tech-savvy business leader who is eager to innovate. Measure the value you generate together through time and create some healthy competition among other leaders. That's a win that the chairman and CIO can tout.

CLIFF TAMPLIN: The only thing that I would add to it is that people always talk about IT being off in its own little world. But in most organizations, there are an awful lot of departments that are also off in their own little worlds. So it's not a question of building a relationship with a single "the business" because at most companies I've worked at, there is no "the business." There are lots of different places. So it's a question of taking that multi-pronged approach and going after the people in your logistics area, the people in your operations area, the people in your finance area or in HR, and building those relationships with all of them and establishing that win-win and those results in all the different areas.

PUSHING THE ENVELOPE ON I.T. EXPERIMENTS

TEP: Another interesting stat from the survey is that only 16 percent of the respondents said the IT organizations they work in and lead place significant emphasis on learning and hypothesizing and doing blue-sky ideation. How can IT leaders push the envelope in experimentation? How do you make learning and that kind of fearlessness part of the IT culture?

JOHN MARCANTE: One of the things that we did was try to first assess all of our business units' technology maturity. We applied the Net Promoter Scores (NPS) methodology which we use externally to measure client loyalty, and applied it internally to get a baseline for each business – what were their needs for technology, how did they apply technology and how strong was our relationship and connection. We were a bit surprised by our findings. What we found was that in some of our businesses, IT is pretty mature and their willingness to innovate pretty strong. Here we are pushing the envelope and we are creating pockets of innovation. In other areas, we were actually suffering for a lack of some basic things, like stability of key technology applications. Here, we were pushing innovation as our business partners were just trying to get their day jobs done. Again, think about Maslow's hierarchy of needs – it's hard to get to self actualization if you're suffering with a lack of food and shelter. The NPS data gave us a clear vision of where each one of our businesses stood and how we can partner better to achieve results.

If you haven't assessed how IT is adding value across your company, you may want to try to get a baseline before pushing your innovation agenda. It's hard to push innovation in areas where you're suffering from the basics. It's much easier when you have a phenomenal partnership and IT is delivering for the business. Self actualization may be closer than you think.

CYNTHIA STODDARD: I totally agree with that point of view because we need to have a certain amount of credibility. And that credibility comes from delivery, having people do what they say they're going to do, and having a certain level of stability in the infrastructure. If you don't have that, it's hard to have that conversation with the business indicating, "Oh, we can be innovative and we can help you with transforming your business." Because they begin to scratch their heads while saying, "Well, you can't even keep your systems up and running, or deliver projects." So we started with the process that John was describing – focusing on getting the execution down and really getting stability up. This was about three years ago.

After we achieved that point of having credibility and were able to focus on innovation, then we had to work on removing the fear of failure from within the IT group. We did that by carving out some people who we knew were a bit less risk averse than others, and then we highlighted to the rest of the organization the good "stuff" that they were doing and also the "stuff" that didn't work. We took the "stuff" that didn't work as a positive and a learning experience. From that we've been able to build a very strong network of people now who are speaking up, trying different things, and experimenting in our innovation lab to bring those ideas back to the business.

I agree with John: You have to start by making sure that IT has a certain amount of credibility. But then I would say: Look

into your organization, find those courageous people and give them some rope – let them play. And then highlight the good and the bad, and make sure when something does fail, it turns into a learning experience and not a witch hunt.
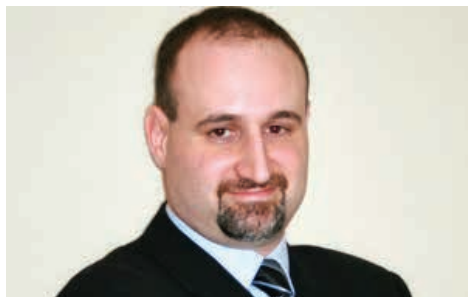
Peter Buonora

PETER BUONORA: That's exactly what we did recently in terms of enterprise architecture, as well. We found those folks who are a little more forward-thinking within all the IT areas – from applications to infrastructure, et cetera – in all the different groups, and created an extended team, essentially an IT Enterprise Architecture team, to help drive all the different changes we're trying to move the organization through. So I think that's definitely been helpful and it's planting the seeds throughout the organization. So it's not just enterprise architecture coming up with these grand ideas, right? We're actually getting there and understanding their day-to-day and bringing that perspective in. And also we have that view into the organization to understand what kind of feedback they're getting, as well. They are the champions for our cause and critical in contributing to change and then leading that change. I believe that extended team concept works not only within IT but also within different areas of the business.

CURT CARVER: We're seeing very similar types of engagements within our organization. You have to create that initial scaffolding to build trust and show that you

know what you're doing. The services have to run flawlessly before you move into business process innovation. Once you get a foothold there and that starts cranking, you can start moving into more strategic types of conversations. And as John mentioned, we did a Net Promoter Score internally too. Then we actually hired and brought in a CRM team, which is a little bit rare in higher education, to go out and engage the campuses. For the campuses it's new, novel and was quite welcome.

The last bit of this was building metrics around what we're going to do after we do deployments. And what are the right metrics to measure that? And trying to create venues so that senior leadership could meet really with almost every single staff member, be it over lunch or dinner with the CIO, or a praise-and-progress meeting or something like that. Each meeting has a different topic but the theme among all of those meetings is that you're all empowered to be an agent of innovation, and you're not going to be punished for being an agent of innovation. In fact, it's desired and encouraged, and if you're not failing occasionally you're not innovating. So it's okay. It's okay as long as it's not a steady stream of failures, but it's okay to fail occasionally, as long as you're aligned with the intent of the organization and you're trying to deploy new thoughtful services that our customers need.

TEP: Rajesh, we've spoken previously about you trying to push innovation and new thinking out globally, where some units may be a little bit more focused on the traditional structure of IT and the way it works. Do you have any thoughts on this?

Rajesh Wunnava

RAJESH WUNNAVA: Yeah. I would categorize that as managing and setting expectations, especially when you're attempting to innovate. You've got to get out of the model where your business partners brief you on things and then they go away and come back after three months and expect that everything is working perfectly. Those days are gone. Innovation is a messy process. It's not a perfect process so you've got to engage your business partners actively. You have to be very transparent with what is working and what is not working to build credibility.

You also have to make it an iterative process as opposed to getting it right every time so that they actually realize some of the challenges that are not only engrained in the process but in the business process; some of the changes that they need to make to make everything work. So it becomes more of a partnership and setting expectations and being very transparent and saying, "Yeah, we are going to fail a few times, not just once, but we're going to get it right and we're going to push the envelope and raise the bar." Success and partnership builds credibility and when you deliver on initiatives you will have volunteers saying, "Come to our region and do it for us," versus it being a mandate from headquarters.

> *Innovation is a messy process. It's not a perfect process so you've got to engage your business partners actively.*

CLIFF TAMPLIN: About 18 months ago, the company as a whole decided that it wasn't innovating sufficiently and kicked off an innovation program geared around fail fast, recover, move on to do something new. So that whole trend was running throughout the whole company, and it was really quite easy to just piggyback on the rest of that.

DOES THE CIO NEED A TITLE MAKEOVER?

TEP: One suggestion this report makes is retiring the CIO title and creating a new executive position that better reflects the way the role has evolved. Is there a way to evolve the role without needing to change the title or does the title really need to change in a way to signal that something about what you expect from the CIO has changed?

EAMON O'KELLY: How about chief enablement officer? But that's short for CEO, so that won't work.

RAJESH WUNNAVA: Chief transformation officer. That's probably at the core of both innovation and also transforming the current operations, and that would be a good title.

CYNTHIA STODDARD: I think when I answered this the last time I had said Chief Collaboration Officer because I really think, with the CIO perspective and the IT view across the organization, you can bring so many different parties together and drive a different type of change because of that. But I think the title, as is, is okay. However, the underlying behaviors and practices do need to change.

PETER BUONORA: I agree. I don't think it's worth spending time trying to come up with a different one at this point. I've seen

the CTO role kind of taking the place of the CIO role in some companies, or whatever the company feels is the right title. We also have a BIO (business information officer) here that handles things that bring together business area requirements for applications. So as long as that person is a leader in their organization who is going to lead the organization through technology change and driving the right business value, it doesn't matter what the title is.

CLIFF TAMPLIN: Confusingly enough, at Hyatt the guy who was brought in to run the whole innovation program is actually called the chief innovation officer. So we actually have two CIOs: chief information officer and the chief innovation officer. It causes absolute havoc.

TEP: That leads to our next question, which is around work/life/career balance or, as you hear more often these days, work/life management or integration. How do you think aspiring IT execs need to flip the switch in terms of getting some of this stuff off their plate, whether it's outsourced or delegated? Because from the survey it seems we're continuing to hear the challenge that, "I'm so tied down to my current set of responsibilities I don't even have time to start building those bridges."

Curt Carver

CURT CARVER: At least within my organization, it goes back to that scaffolding conversation that starts with delivering operational results flawlessly. And once you get that humming, you hire a person

that takes over that responsibility. Then I think the CIO turns his or her attention to the business process automation. Once that starts to hum, you hire a person to run that for you and hold them accountable for that. And it's not that you're not involved, but it creates the capacity to engage in the more strategic conversations. So you don't start at the top and work down, you start at the bottom and work up, because it's a scaffolding of trust and you've got to build trust that you're running a competent organization. And then as that trust builds, you gain agility to address other issues.

JOHN MARCANTE: I think you're in the wrong job if the answer is, "I'm too busy to stop and think about the future." I mean, it's hard to be a credible executive if that's all we bring to the table. The CIO job is tough. These jobs are very complicated and demanding, but the key for me was finding the talent in the organization and aligning them to the right positions. Aligning them to jobs which fit their strengths. If you need to go outside your organization or outside the company, find and hire people that you believe are better than you. When you do that, you'll have time to think about the strategic things versus only the day-to-day challenges.

TEP: One of the ways the report suggests rethinking the CIO role is by leading cultural change. Just really walking the halls, seeking out other people in the organization, forging those relationships. And you all have probably had moments in your careers, maybe earlier on, where you had to just gather up your courage and go out and just start meeting people, setting up meetings, setting up lunches and saying, "I find what you do interesting, and I need to find out more about it to do my job effectively." Yes?

CYNTHIA STODDARD: Yes, absolutely. I do that and I encourage my staff to do that.

Don't limit getting to know people in meetings or in other formal settings. Expand to informal settings, a lunch or a coffee or whatever, because you build a different kind of understanding and a relationship by doing that.

JOHN MARCANTE: I think every organization has a different culture. And sometimes getting out and building relationships is an important part of it. Sometimes you feel like you're too stretched to even get out of the office, or you sit and you're jamming lunch through and trying to catch up on your Blackberry or whatever. The reality of it is that's not productive. If you can get out of the office, if you can get on the floor with the crew, which can be weird, especially if you have an office culture, that can be valuable. We have an office culture. It's a few people in an office, most people not. We're moving more toward those open-space collaborative environments. And four times in my career I gave up an office and just sat on the floor. If you want to change culture, if you want to understand what's going on on the ground floor, you've got to get to that. Get to the ground floor, right? And at big monolithic organizations or hierarchical organizations, that's difficult.

So if you're in this boat, what are some of the practical things that you can do first? I really think getting out and building relationships, talking to people, being approachable, building trust, having open debate. You want people to tell you that the emperor has no clothes, right? I mean, you need to be able to have those types of open debates. And culture begins that way. If you're stuck in a company where it's not perfectly aligned to all those principles, then how do you go about starting to change those things? And I think symbolically you've got to do some things, whether that's getting out of the office,

whether that's having lunch with people, whether that's getting to the ground floor, whether that's walking a day in someone's shoes, those things are worth doing.

CLIFF TAMPLIN: And just another thing. While you're recruiting people, figure out if that's part of their makeup, because for a lot of people it isn't. I really do think that it's important that people are interested in more than just the technology. You've got to get rounded people on board. It goes back to the thing about recruiting people better than yourself. Yes, get people who are interested in IT, but also interested in how they're applying IT, and get them out there so they're ambassadors.

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