Summary

We have learned that to achieve sustaining success, the CIO must maintain a *balanced* view of their organization, continually focusing on the **10 key ingredients** described throughout this report.

Often, the CIO will lose their focus and drill down on the latest issue, problem, or key technical challenge to the detriment of other crucial priorities.   When this happens, the CIO can lose the broad perspective, and consequently, the confidence of the business or customers that they support. The purpose of this report is to describe the 10 ingredients needed to effectively create and maintain a successful, progressive Information Technology organization.

The Problem

CIO's and technology leaders have a complex job, from business leader to technologist. Organizations and business models are changing particularly as older organizations transition into the digital model. However, legacy technology permeates throughout most technology organizations consuming considerable energy and technology resources. CIO's and their leadership teams need to account for this, making the task at hand quite complex and nuanced.

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The Age-Old Problem

CIO's and technology leaders have a complicated job.   Just to articulate some key points: Systems need to run, hardware needs to be up to date, longer-term architecture strategy needs to be developed and executed on, transformation programs are being rolled out, new capabilities need to be delivered, and proper governance around information security and risk need to be ensured.   At the same time, CIO's must innovate with the business and continually demonstrate the competence and strength of the IT organization. All of this is going on while budgets are being challenged, e-mail are piling up, and the leadership team is focusing on tending to the careers and morale of a complicated mix of highly intelligent programmers, analysts, and IT support staff.
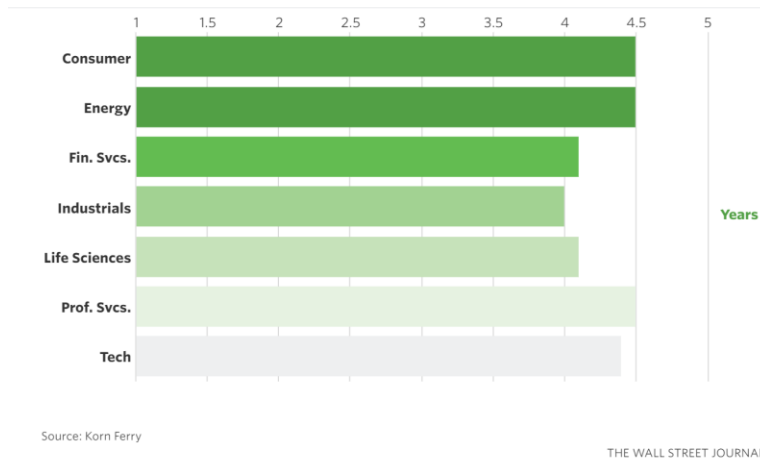
CIO Tenure

Source: Korn Ferry

THE WALL STREET JOURNAL

Figure 1: CIO tenure in years

What happens repeatedly?   The CIO becomes distracted and focuses on just one (usually the most urgent) of the many key ingredients that they know is necessary and essential for their success.   Why do they do this? It is because many times the IT Leadership team, the IT organization, and business partners expect them to become highly involved when an urgent matter arises. And, let's face it, the CIO enjoys digging into the latest urgent issue, especially if it is technical in nature, since many of us grew up as technologists. As with any typical IT organization, there are steady streams of urgent matters that perpetually arise, and the CIO loses track of the most important elements of running the organization.   This scenario happens repeatedly, most times to the detriment of the CIO (see figure 1: CIO tenure).

To mitigate this, the CIO will try many things. They hire a Chief of Staff. They ask their Executive Assistant to incorporate "think time" on their calendar.   They go to leadership training.   They start lists. They stay in the office late.   They have staff meetings to "catch up" on what is going on.   They cancel Town Hall meetings, and the list goes on. However, the key to the success of the CIO is *balance*.   The CIO must have a very balanced attack of their key responsibilities and focus on all of them every single day. This means that they need to delegate more, trust their leadership, read current research on industry trends, and communicate more. Otherwise, business leadership will lose faith and the life span of the CIO can be dramatically cut short.

Focusing on the Broader Picture

In the simplest terms, the recommendation for the CIO and IT Leadership is to be relentlessly focused. Focus on the broader picture when running the IT organization. The mission of the CIO is clear. The CIO is business leader foremost who relentlessly delivers technology in support of business objectives, all while continuously seeking to drive overall costs down.

The 10 Ingredients

There are 10 basic ingredients that must be focused on to ensure the success of the leader and the organization.

1. **Effectively Run the Shop**

    Seems basic and unglamorous, but this is the most fundamental principle of running IT.   Nothing will undermine the credibility of the CIO and IT Leadership more than instability and a broken platform. Without predictable, reliable, and stable systems and infrastructure, permanent progress is not possible. Transformation goals cannot be achieved, it is more difficult to build new software (on a broken platform), and multi-sourcing is immensely more complicated and risky.

    The CIO must have a seasoned leader running the operational platform and that individual must also deeply understand the business they support.   This is important because many CIO's will have a highly technical leader running operations thinking this is what is solely needed to effectively run the shop. Rather, it is crucial that the leader understand and be able to explain the business ramifications of operational issues in addition to understanding the systems and technology they support. It is also essential that the operations leader can articulate an operational vision for their organization.

    The CIO, IT Leadership, and the whole IT organization must develop a culture of valuing the competency of running the shop. The CIO should be briefed on Operational matters (running the shop) every morning. The CIO should know the status of overnight processing, should review the key value metrics, and should understand the key operational risks and issues (including audit findings, key risk indicators, and information security matters).

2. **Reduce Expenses**

    Reducing expenses is more than simply satisfying the latest mandate of the CFO. CIO's must demonstrate a commitment to perpetually reducing expenses, even in a climate where budgets increase. A CIO who earns a reputation for financial prudence will quickly earn the respect of executive leadership. Ironically, those CIO's who are constantly finding ways to reduce expenses are given more consideration when they are requesting additional funding or an investment in IT.

    So, how can the CIO reduce expenses with such tight budgets?   It starts with culture. IT leadership and IT professionals down to the lowest level in the organization know where the waste is. Ask for it. Pursue it. Incorporate it into performance objectives. And, most important, make it someone's job to find ways to reduce expenses. Ensure that the organization understands that reducing expenses does not automatically mean job eliminations. The CIO should always be looking at the basics; evaluate consulting rate structure, look at existing software contracts and licenses, review obsolete systems, datacenter/cloud provider charges, and storage usage as a starting point.

3. **Multi-sourcing as a mechanism to reduce cost and add Strategic Value**
    Multi-sourcing provides a dual benefit, cost savings and strategic value. Certainly, a strategic relationship with a global partner will reduce overall expenses, and if done properly, done without introducing risk into the organization. The key thing to understand about focusing solely on cost savings is that once the financial benefit of the cost benefit analysis is achieved, the CIO receives a pat on the back and a new financial baseline is established (which will certainly be challenged again). Therefore, the strategic value benefit of the relationship is equally important to the cost savings.

    A key multi-sourcing strategic value for the CIO is agility, or the ability to quickly ramp up and ramp down. This allows the CIO to run as lean as possible, while being able to react to new initiatives quickly. Another important value of the offshore partner is that they bring expert (global) advice to the organization, which should be regularly leveraged. The sourcing partner must be regularly challenged to bring ideas for cost reduction and solicited for their expertise when evaluating new projects or initiatives.

    When introducing multi-sourcing to the environment, it is most prudent to focus on both the cost savings and the strategic value benefits. Business executives expect IT organizations to employ responsible multi-sourcing, certainly for cost savings measures. However, the CIO should ensure that they are also deriving value from the strategic relationship.

4. **Relentlessly Deliver as Promised**
    Deliver. Deliver. Deliver. Nothing helps the reputation of the CIO and IT organization more than delivering as promised. Like running the shop, a strong leader for the Delivery organization is required. The leader must understand how to set realistic expectations for the business, deliver on time, deliver on budget, and demonstrate that the benefits are achieved.

    The tricky part is that business leaders tend to be very unrealistic about what can be delivered and when. It is up to the CIO and delivery leader to either set the proper expectations, or to find ways to iterate delivery in ways to bring value as quickly as possible.

    Metrics are the essential tool that demonstrates to executive leadership just how successful the organization is. Be honest about the successes and transparent during failures. This will serve to bolster the reputation of the organization to executive leadership and provide an openness that will give widespread confidence.

5. **IT at the Speed of Business**
    As a CIO, the last thing you want to hear is that a slow-moving IT organization is preventing a new product to market or enabling your competitors to beat you. This is a complex issue, because often the software development life cycle or the complexity of what is being built simply takes longer than the appetite of the business.

The CIO must implement a culture of inclusion to combat this problem. The earlier that the IT organization is involved with ideation or innovation (see #7 below) the earlier the IT organization can figure out how to deliver. Bringing technology professionals to the table during the incubation stage of innovation can help the IT professionals better understand requirements and also give the architects a chance to figure out how best to build a design strategy that can move at the speed of business. Of course, the business partners must be comfortable with IT being at the table earlier. The better the reputation of the IT organization, the more open they will be to the idea.

6. **Transparent Demand Management**

Sound demand management is a crucial competency of an IT organization, and believe it or not, many CIO's do not even focus on it. The basic premise is that all work being done by the IT organization should be known, approved, and prioritized. There should not be many "gates" into the IT organization where work is introduced – rather, there should be a formalized and transparent process. A CIO should never hear the words "what are your folks working on?" Much to the dismay of businesspeople, there should be no "back-door" way to get things done.

Sound Demand management is especially important for the following reasons:
- The only way you will know the true productivity of the organization is to know precisely what is being worked on
- Distraction work is eliminated
- Transparency to the business breeds confidence of the business
- By working on only the highest priority initiatives, the CIO will see an improvement in satisfaction by the business (by getting more of the higher impact work done for the business)
- Contrary to what the IT organization or business may think, a solid structure around demand management does not make IT more bureaucratic, rather it will make IT more *transparent*

7. **Do not Align with the Business, be in the Business**

The CIO and IT organization should not strive to align with the business, serve the business, or design a strategy for the business. These words sound like the IT organization is some separate entity coincidentally working with a business unit. Rather, the IT organization is a crucial component of the business!

The CIO is an executive like all other contributing executives (sales, marketing, product development, etc.). So, by having a mindset of being in the business, the IT organization has better chance of effectively supporting the mission of the organization. As CIO, if the only things commented on are technology matters, then that serves to pigeon-hole them. However, if the CIO is an active contributor of business ideas, then that broadens the perception of them. Additionally, if the whole IT organization thinks of themselves this way, their job satisfaction will skyrocket!

8. **Measure success through Business Value Metrics**

   The CIO must measure organizational success through a well thought out suite of business value metrics. These are more than metrics that show 99.XX% availability of all systems. Metrics should be comprehensive and cover the entire organization including planning & strategy, architecture, delivery, operations, and quality assurance. In addition, these metrics should be known throughout the organization and even used as a basis for performance objectives.

   A typical one-on-one meeting between a CIO on each leader should include a discussion of the key metrics. What is working well? Where are the danger signs?   How are they managing their respective organizations with these metrics?

   The CIO should be very transparent with the business value metrics.   They should be reviewed with other business executive leaders regularly and key issues and trends should be discussed. Nothing contributes more to the confidence of the CIO more than a review of the organization through metrics. Business value metrics will certainly serve to inspire confidence.

9. **Transformation or Continuous Improvement**

   The CIO should consider implementing a culture that values a continuous improvement of the IT organization. This is crucial because the CIO needs to avoid complacency. IT organizations are complex, technology is constantly evolving, and good businesses are also evolving. If IT organizations are not continually raising its game, their collective performance will be mediocre.

   While developing a transformation program is always an effective approach, this may imply that the project may eventually come to an end. It must be made clear to the organization that continuous improvement is the true goal. Like many of the other success ingredients, transformation or continuous improvement must be inculcated into the culture of the organization.

10. **Have an Architecture Strategy and Advance the Architecture**

    So many IT organizations have no stated architecture strategy, no stated evolutionary plan, or processes to ensure that software is being built with sound architectural guidelines. The CIO must have an architectural strategy in place that is based upon the mission of the business.   It is then, OK for the CIO to acknowledge that it is acceptable to evolve over time to the desired state, as opposed to trying to sell an architecture project.

    The CIO must make sure the architecture blueprint is widely known across IT and the business, adopted within IT, and built into the system development life cycle. There will be a natural tension between the chief architect and individuals who are responsible for delivering new software. Generally, because there are perceived competing interests. The architect will advocate for the purest architectural approach, while programmers will sometimes try to shortcut because of timeline pressures. This tension is normal and should be embraced.

About the Author

Don Desiderato is a former Fortune 100 Executive and Founder of Mantissa Group LLC, a strategy consulting firm serving the CIO executive and their extended leadership teams. Don is a recognized industry expert, and a deeply experienced senior technology executive helping leaders with their **technology strategic plans,** as well as simultaneously focusing on **leadership development and culture**.

About Mantissa

Mantissa Group provides business and technology strategic consulting services. Mantissa supports the Chief Information Officer executive and their leadership teams, with a focus on CIO engagement as a business leader. Mantissa has practical experiences supporting leaders with **technology strategy, executive coaching, leadership development**, and relevant **research** for technology organizations.