

The situational CIO

IT problem solver, cost cutter, strategist

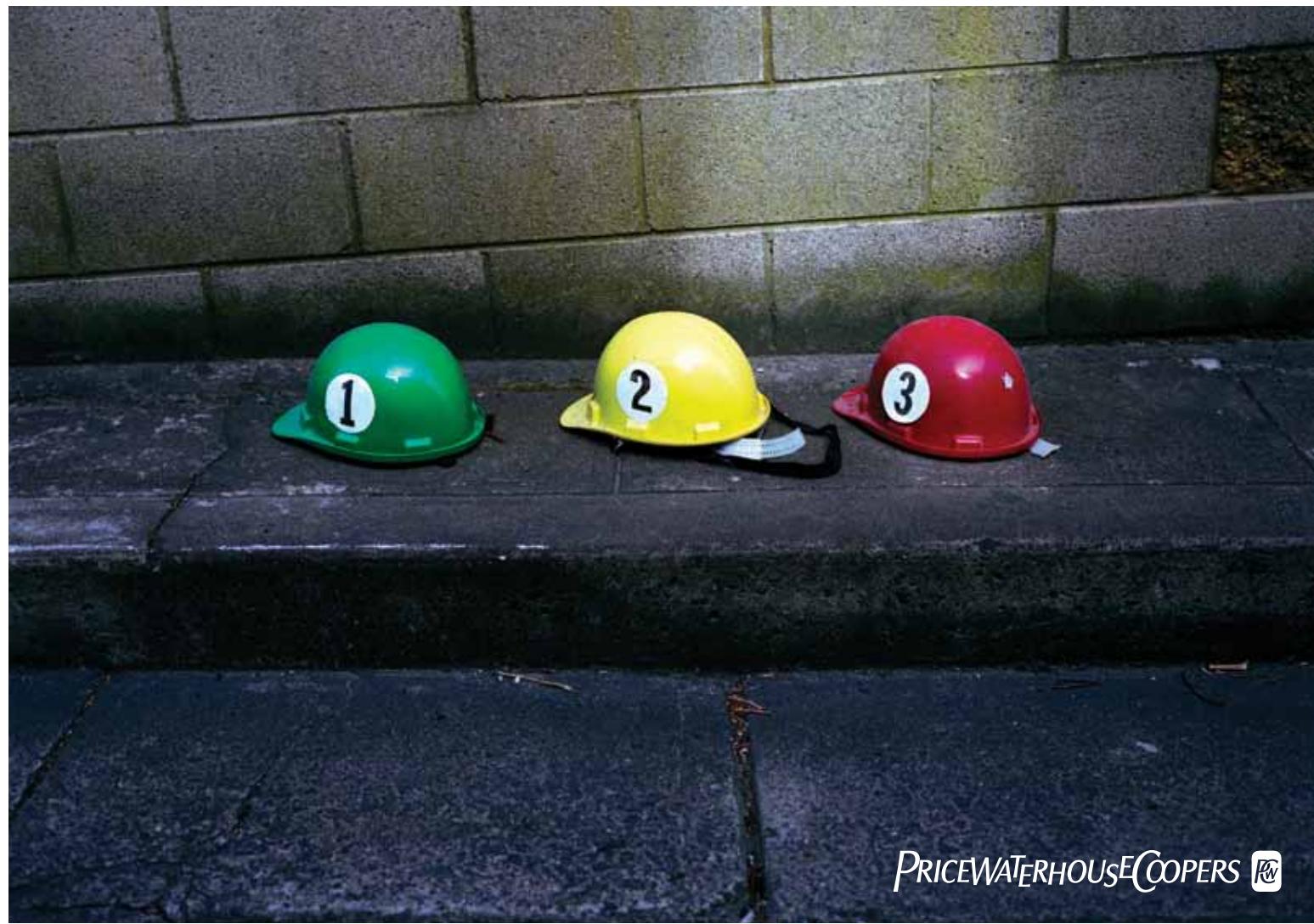


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The heart of the matter

**The CIO must wear
many hats**

Be more strategic. It's a mantra chief information officers (CIOs) have heard repeatedly for more than a decade from the CEO, the chief financial officer (CFO), and other business colleagues as well as analysts, consultants, and the media. Easy to say, but hard to define or do. The CIO job, as typically understood, is difficult enough. For many, expanding the role to include being a major contributor to business strategy is a pipe dream at best, a nightmare at worst.

Yet it can't be shrugged off as one more nonsensical demand or faddish request, especially in the reset economy that's emerging as the 2008–09 recession ends. Internal and external forces will soon compel CIOs—if they aren't already—to be more strategic in serving the business without giving up any traditional information technology (IT) responsibilities. The message to be strategic tells the CIO to broaden beyond the narrower role of technology operations manager and to become a true business executive, a fully contributing member of senior management in identifying and capitalizing on opportunities.

But being strategic isn't always what your company wants. In the recent recession, most companies have asked CIOs and other executives to focus on the tactical—efficiencies and cost cutting—rather than developing new business strategies. PricewaterhouseCoopers believes the focus is fundamentally changing toward a demand for more strategic involvement by CIOs, but without losing the tactical strengths favored recently.

Just how strategic a CIO should be—if at all—varies according to your company's needs and expectations, and your skills and interests. A successful CIO must be able to assess and navigate those expectations, compare them with personal strengths and interests, and decide how best to match the needs and capabilities. You might change your skills and focus, you might help change your company's strengths and focus, or you might fill in the gaps. You might also realize that there is no fit—or that there is not likely to be one—and accept that it's time to move to another company where there's a more natural fit.

This paper explores what being strategic should mean and provides a framework for how the CIO can be more strategic in serving the business while handling other responsibilities the position demands. We call this the situational CIO.

An in-depth discussion

Wanted: A situational CIO

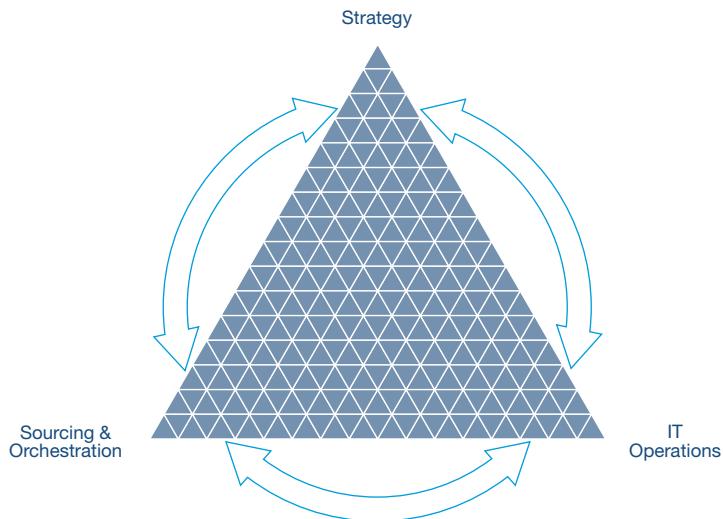
The situational CIO framework is defined by a triangle in which each apex illustrates different skills and attitudes. Figure 1 shows the three apexes that situational CIOs must address:

- IT operations management
- Sourcing management and orchestration
- Strategy for business and IT

Most CIOs are a natural fit for one or two apexes, and so they tend to dwell there. But that will be insufficient for those who aspire to be in the top tier of large-organization CIOs. Hank Leingang, a senior executive search consultant at Korn/Ferry International, which recruits CIOs for large organizations, estimates that the top 25 percent of CIOs must be adept in all three apexes and be able to move among them easily and quickly. CIOs in the middle tier, perhaps half of all CIOs, are typically adept in two apexes, while those in the lower tier are typically adept only in IT operations management (keeping lights on). Leingang is among those who expect most organizations—not just the top tier—to require CIOs to be skilled in all three areas in the coming years, although they will move in different patterns and at different speeds.

The principal focus of attention by the CIO will vary at each company, and it will vary within a business over time. An equilateral triangle is the ideal steady state. But in most IT organizations, the area of focus has been biased toward the lower right portion during the recession—CIOs focused mostly on IT operations and secondarily on sourcing, with less effort on strategy. They cut costs through efficiency (operations) and through vendor management and outsourcing (sourcing), and pulled back from new initiatives (strategy). As the economy recovers, PricewaterhouseCoopers expects the strategy focus

Figure 1: The situational CIO's triangle of responsibility. To succeed in business, not just in IT, a CIO must be able to maneuver among these three areas of focus.



to increase. The two triangles in Figure 2 show this shift in emphasis; darker shades define areas garnering the most CIO attention during and after the recession.

Situational CIOs need to be able to move quickly among the three apexes—and to focus on two or three simultaneously—which requires mental agility and an ability to maintain the context while switching. Think of this as the ability to see both the forest and the individual trees and to get to any of them as needed at whatever level of focus is needed regardless of the terrain and conditions.

There's one big problem for CIOs that leads many to ignore the strategic responsibility apex of the triangle. No other senior role has the breadth and depth of operational responsibility that the role of the CIO does in today's modern enterprise. If an IT system fails, there is almost certainly some area of the business that comes to a dead stop. And almost all areas of the business are now supported by one IT system or another.

To address that reality and ensure sufficient focus on strategy, a smart CIO works with direct reports to make sure they have ready-made responses to threats to business continuity. Because the business is always changing, crisis-response scripts must be tested at least annually. Once these are in place, the CIO can establish a comfort level with delegated operational management, providing the mental breathing space to focus on business strategy in particular and also on sourcing and orchestration, as well as business strategy.

Successful situational CIOs also need to know the relative importance of each apex to their organizations in both the current environment and the anticipated environment. The concentration within any apex will change on the basis of company personality, CEO and board preferences, the industry and market, and other factors. But all three apexes always exist.

The ability to move quickly among apexes is imperative, argues Ken Venner, Senior Vice President of Corporate Services and CIO of chip maker Broadcom. "The CIO should not be in any apex for any length of time," he says. Venner has developed a three-stage growth model of CIOs based on their ability to comfortably move among the apexes: At stage 1 (the most developed stage), "a highly successful CIO switches apexes all the time. At stage 2, a relatively successful CIO figures out what's the next apex of importance to the business and does that. At stage 3, an unsuccessful CIO does just what he or she is comfortable with," Venner says.

Several others in the C-suite—including the CEO, the chief operating officer (COO), and the CFO—also need to be able to move among the apexes in their own situational triangles. In best-practices organizations, they must also understand operations, product and service development, and strategy, no matter where their original focus is, and they must be able to see the big picture while ensuring the details are done right. The CIO role is similar to these executive roles and is no longer just the IT operations role it once was.

Figure 1a: Models of responsibility

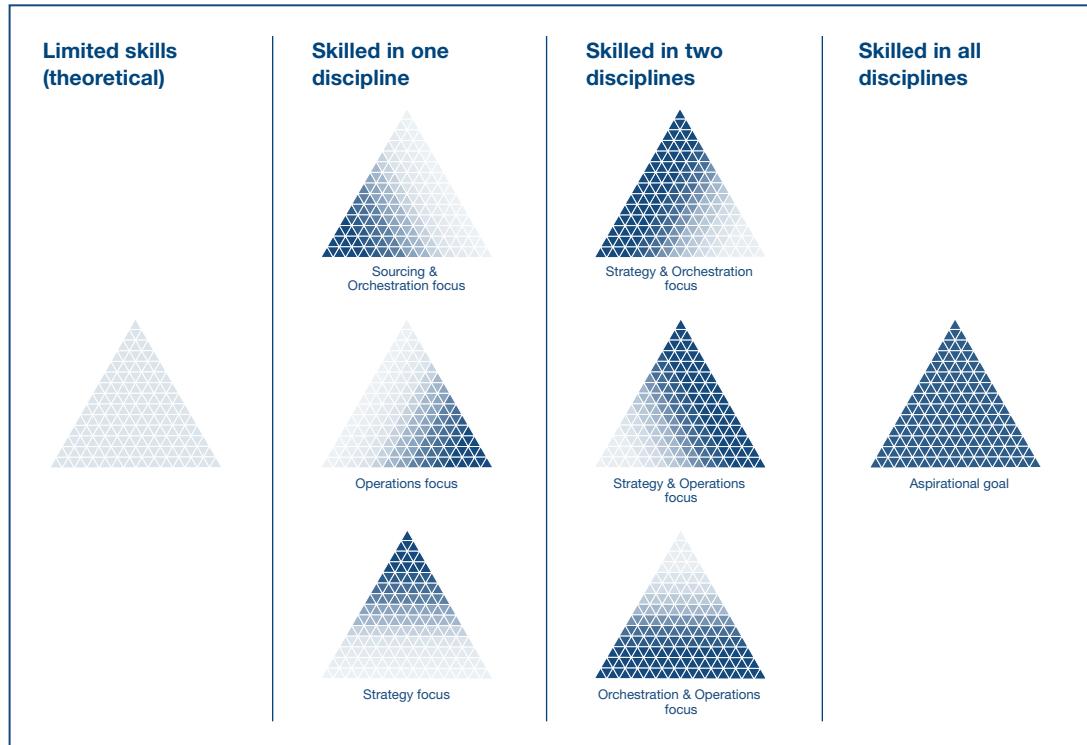
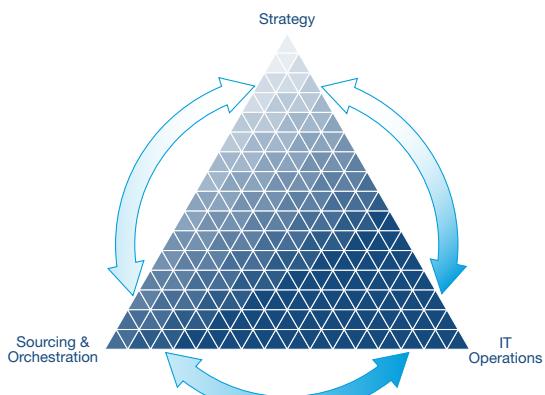
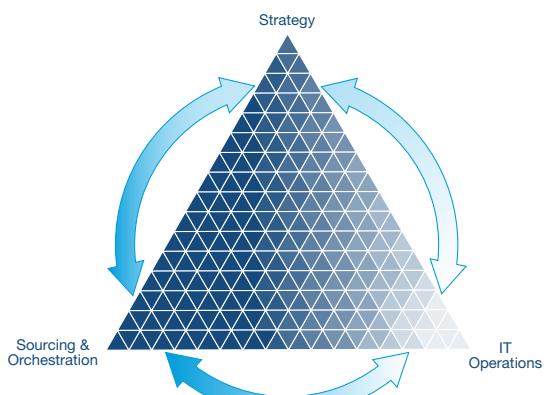


Figure 2: The changing focus of CIO attention during and after the recession; darker shades indicate a greater share of CIO attention.

The CIO's heat map of focus during a recession



The CIO's heat map of focus during a recovery



Greater strategic expectations of CIOs

Not every business will demand its CIO to be strategic in this situational paradigm, but PricewaterhouseCoopers expects that as businesses recover from the 2008–09 recession, more corporate boards will refocus on business strategies to increase revenues. As stewards of the technology that companies use to execute strategy, CIOs will be expected to actively participate in creating and assessing these strategies. We advise CIOs to prepare for this expectation now.

As PricewaterhouseCoopers explained in *I for Innovation: The next-generation CIO*, many forces are changing the CIO's role. Among them is the trend toward more generic or standard technologies, which make the technology underpinnings of the traditional CIO role seem increasingly less important to many business executives. If technologies are standard, this thinking goes, they can be purchased like office supplies and managed by vendors, outsourcers, cloud computing providers, and younger, tech-savvier employees. Who needs an expensive CIO and costly IT organization to spend so much time and money on implementing and managing technologies and keeping the lights on?

While CIOs know that the complexities of managing many fragile technology platforms are nontrivial, there is some truth to the view that the infrastructure

is maturing and doesn't need the level of attention it once did. Over time, more-generic technology will reduce the maintenance and integration work that costs so much. Thus, even though the infrastructure is more complex and costly, the CIO's role should focus less on technology speeds and feeds and keeping the lights on and more on applying technology to enhance the business.

The CIO should pay more attention to identifying and implementing better processes to improve efficiencies and results, new products and services, innovative market solutions, and the like. Even better, the CIO should focus on helping the company create new business opportunities—or at least jump faster on new ones as they are identified.

At least that's the theory. The reality is that keeping the lights on will remain difficult for years to come, given the billions of dollars worth of installed systems that cannot simply be swapped for the standard, turnkey tools that vendors are promising. Yet the CIO who stays too focused on these technologies will be in danger of becoming obsolete or unemployed. Keeping the lights on is expected but not valued until big problems occur, in which case the company usually looks for a new CIO.

The new expectations of CIOs

The argument for the CIO to be more strategic is getting louder and more pointed. A recent Forrester report¹ shows that only 28 percent of CEOs characterized IT as offering proactive leadership, and 24 percent characterized IT as innovating only when pushed. Surveys by Business Week Research Services and IBM also found that top executives do not see IT as a source of business innovation.²

The expectation that CIOs will contribute to business strategy development and execution will gain impetus as companies emerge from the recession and begin to adjust to the new economic context. Called the reset economy or the new normal, the emerging environment will differ from that of the past. The way organizations manage operations and initiatives will be particularly different, and therefore, so will the business and technology approaches that CIOs must navigate.

The opportunity for CIO transformation in the reset economy

The reset economy will give IT executives the opportunity to expand and grow themselves into situational CIOs. It will accelerate the trend to balance investments in keeping-the-lights-on activities with other business priorities forcing CIOs to address in a new, sustainable way the complexity of the many systems accumulated over the years. It will also make the deployment of new internally owned data centers and enterprise systems less likely. These two pressures will push the adoption of more-generic, standard, and often externally

provided technologies. As a result, CIOs must tap into vast informal networks of information that now exist and help people gain strategic value through enhanced decision support by using emerging analytics technology.

At the same time, CIOs will be pressured to devote their analytical and process skills outside the IT organization to help the business explore new approaches and markets where technology can provide an enabling role. (The Summer and Fall 2009 issues of the PricewaterhouseCoopers Technology Forecast discuss those trends and the technologies emerging to support them.) CIOs aren't meant to be generic strategists, and few are comfortable presenting themselves as such. But strategic planning in support of top-line growth offers an engaged CIO leadership opportunities in at least two areas: developing new revenue through IT-driven strategic change and capitalizing on new product and service opportunities faster through IT-supported change.

Think about how FedEx created a new business and standard of service two decades ago by using technology to track packages during shipment. Every CIO needs to apply the same creativity and curiosity exhibited by FedEx's CEO Fred Smith and his CIO, Rob Carter. Or consider Bob Martin, the pioneering CIO of Wal-Mart in the 1980s, who used supply chain technology to reinvent supplier dynamics. Supply chain technology became a tool for supplier management, not just a means to optimize the warehouse and delivery under Wal-Mart's direct control.

¹ Closing the CEO-CIO Gap, Forrester Research, February 7, 2007.

² Global CEO Study 2006, IBM Global Business Services, http://www-935.ibm.com/services/us/gbs/bus/html/bcs_ceostudy2006_flat.html.

Being situational will require the CIO to figure out how to excel at multiple roles, often simultaneously. As Table 1 shows, each situation requires different skills, attitudes, and knowledge.

There's good news and bad. The good news: the PricewaterhouseCoopers Center for Technology and Innovation has seen that many leading CIOs have already figured out how to do this. The bad news: Becoming a situational CIO takes work. For some CIOs, learning how to wear three hats will require a willingness to stretch in areas where they may not have confidence. For those CIOs, the reach into new areas can be perilous because strategic functions carry more risk than keeping the lights on.

After all, a key tenet of the engineering discipline most CIOs subscribe to is to reduce risk (in other words, ensure reliability) through methodical design and

testing. CIOs who stretch into business strategy must become comfortable with the process of "fail, adjust, fail, adjust, succeed." That is the typical way to explore the unknown and will be doubly challenging for many CIOs because of the inherent risks in that process and their lack of experience in strategic areas.

Some may not be suited to stretch away from an IT operations role and should consider limiting their careers to pure IT management rather than the situational CIO role. However, most "CIOs must adapt to the changing needs of the organization, and they must have the attitude and drive to master new skills for the new situations even if at first they don't feel natural," Leingang says.

In 2009, the PricewaterhouseCoopers Center for Technology and Innovation interviewed more than a dozen

Table 1: The situational CIO profile

	Operations	Sourcing	Strategy
Skills	Technology integration, project management, organizational management, risk management	Vendor management, intercompany culture and politics assessment, cost analysis and ROI assessments	Strategic modeling, simulation and optimization capabilities
Attitudes	Trust but verify that direct reports effect business continuity plans, maintain a low tolerance for operational risk, maintain grace under pressure	Delegate tasks but not accountability, keep a flexible mind-set, remember that vendors' interests may not match your own	Combine optimism and skepticism, be willing to take risks that lead to learning
Structure relationships beyond defined boundaries	The broad universe of technologies and how they work together	Vendor capabilities and qualities	External customers, markets, competitors, what drives business success
Knowledge	The broad universe of technologies and how they work together	Business and commercial capabilities to manage external and internal relationships. Vendor capabilities and qualities	External customers, markets, competitors, what drives business success

leading CIOs—many in off-the-record conversations—to get a sense of how they succeeded in becoming situational CIOs. Many indicated that wearing three hats was becoming standard operating procedure and an approach they embraced. For others, though, the situational CIO concept is unnatural. These CIOs disagreed with the idea of asserting themselves as business strategists rather than as executives in charge of top-notch IT organizations.

This pushback reveals a key issue any CIO must understand: The organization the CIO works for—and its view of the CIO role—set the ground rules for success. If an organization wants a CIO to focus only on reducing the costs of IT operations, that's what the CIO must do. If the CIO has ambitions to be strategic, then the CIO may need to move to an organization that's a better fit.

Likewise, as a CIO, you should be realistic about your abilities and interests and not try to be strategic if you're not good at it or interested in it. Instead, find a company that wants the CIO to be excellent at operations or sourcing or whatever you excel at.

Our interviewees noted that organizations are often dynamic, so expectations and opportunities change over time. CIOs need to continually monitor their fit and the organization's perception of their fit as conditions and attitudes change.

The career dangers of single-mindedness

As a CIO adept in one or two areas, you may believe you can focus on your comfort zones and delegate the other areas to senior IT personnel better suited to them.

That's true to a point, but CIOs who confuse delegation with relinquishment put themselves and their organizations at risk.

That risk is especially acute for CIOs who dwell in the IT operations apex—what used to be the entirety of the typical CIO role. Other executives assume that managing this apex is easy and thus has become table stakes for a CIO. [Note: Table stakes are the minimum set of skills and activities required in the role of the CIO. The term comes from an analogy in poker for the amount of money it takes to be allowed to play the game.] Only when you fail to properly manage IT operations do other executives pay attention to your performance in this apex—and usually with negative consequences.

Because the assumption is that any competent CIO can take care of IT operations, this apex should never even rise to the attention of the executive team. It is better for a CIO to rely on a highly skilled, full-time IT operations manager—the equivalent of an executive officer, or XO, in the military model—than to focus most efforts on operations. The CIO sets the course and the strategy, relying on others to execute—yet the CIO steps in as needed. “You don’t need to be great in all areas, but you do need to be good and expert enough to get the right people,” says Kent Kushar, CIO of E.&J. Gallo Winery.

The CFO role provides a useful analogy to the CIO role. In a large organization, the CFO is responsible for raising funds, financial regulatory issues and controls, taxes, transaction flows, and treasury and often helps lead strategic investment decisions. Earlier in their careers, most CFOs started in more focused roles,

such as financial analyst or controller. A CFO who remains focused on transaction flows and fails to be engaged in strategic investment decisions isn't going to be CFO for very long. Such a CFO would put the organization at risk because of the inability to see the bigger picture, much less manage it. For CIOs, the three apexes of sourcing, IT operations, and strategy are the bigger picture.

The most difficult apex for CIOs appears to be business/IT strategy. As noted earlier, a sizable percentage of the CIOs in our interviews felt that business strategy was not an appropriate role; instead, they said, their job is to support the business strategy once others define it. In this oft-stated view, *strategy* means improving how the IT organization runs and uses technology. That's not what the C-suite means.

Vincent Melvin, CIO of Arrow Electronics, has seen senior business executives and boards change their expectations of CIOs. He says they no longer expect the CIO to talk only about technology issues. The sea change, he observes, is that "where you ultimately gain or lose credibility with the CEO and board is on the strategic efforts around technology, whether you add value or not." Thus he's refocused discussions with senior executives to address the competitive nature of technology differentiation. For example, he now engages in conversations with his peers and the CEO about "how quickly technology can facilitate a change in the business model."



What this means for your business

**Know yourself, your
personal brand, and
your business**

Process for transformation

It is imperative to understand the changing expectations and the changing business environment and how well you fit your current company. (Your company should understand these expectations and your fit, too.) The first step is to understand the table stakes: the skills and experience needed to participate effectively. Next, perform two assessments—one of yourself and one of your company—to determine the fit issues. Then you can develop a plan to address any gaps.

The table stakes for being a successful CIO

First, if you can't keep operations running smoothly, you won't be taken seriously as a CIO or as a business leader. At best—if you're not replaced—you'll be confined to the role of IT operations manager. "You can't get to the top unless the bottom's working," Gallo's Kushar says.

Beyond running IT operations smoothly, there are more table stakes. One is to run a services delivery organization, meaning that your approach is not about technology per se but about delivering capabilities the business needs, when it needs them, at reasonable cost and effort, and at a high performance level. If your focus is on speeds and feeds, platforms, and the like, you're mistakenly approaching technology as an end in itself. CIOs need to ensure their companies use the right technology to meet business needs, but they don't do so by starting with the technology.

Another table stake is the ability to continually cut costs by means of automation, standardization, and sourcing. This is the departure point for one of the three role apexes: sourcing management. A successful situational CIO considers not just technology issues but also sourcing issues related to the development, deployment, and maintenance of technology and services delivery. Sourcing management includes choosing when to own and when and to whom to outsource; knowing how to coordinate multiple sources (few systems run in isolation); knowing how to manage vendor relationships for near- and long-term value; and orchestrating sources to be flexible but not complex.

The newest table stake is to have a business focus: to understand how the business runs, what its market characteristics are, and what strategies are needed to succeed. This goes beyond the old maxim of “business-IT alignment,” which has more to do with service delivery. Having a business focus requires the CIO to understand business strategy and operations at the same level as other C-suite executives do. Indeed, CIOs need to deliver more than cost-effective transaction processing services. Table 2 lists the old and new table stakes for a situational CIO’s success.

As a C-suite member, the CIO is part of a team that manages the business in its entirety. A CIO who treats the C-suite seat as a perch from which to gather requirements and report results is missing the point. Forrester’s research bears this out: A recent CEO survey shows that CEOs had a higher regard for IT’s role when the CIO was an active member of the executive team.³

Even if you’re not part of the C-suite—say you report to the CFO—you want C-suite executives to consider you as one of the key executives. You can help make this happen by acting and delivering as a team member. If you have not earned that reputation, you risk being pigeonholed as an operations manager and finding the strategy and key decisions imposed on you by the C-suite, or being replaced.

The CIO who meets these table stakes can take on the third, newest apex for the reset economy: strategy. This means developing and enabling value-added processes for the business (especially customer-facing ones), as opposed to processes for IT, which are in the operations apex. “As an active participant in the C-suite, you hear about and contribute to evolving strategy, so you’re in a position to enable the strategy even if you’re not personally leading it,” Arrow’s Melvin says.

Ironically, the traditional operations focus of your IT staff may give you more time than you thought possible to focus on business

Table 2: Table stakes

Old table stakes	New table stakes
Ensure continual improvement in IT, lean IT, automated IT	Perform a comparative assessment of all enterprise functions relative to best practices
Standardize technologies to reduce complexity and cost and to increase agility	Know the cost drivers for the business and how to take cost out of the business
Optimize technology sourcing: know what and when to buy, what and when to lease, what and when to outsource	Know how supply chain vendors create or destroy value in the eyes of end customers and how to leverage relationships that add to the knowledge and value of the enterprise
Anticipate new technologies for enhancing the technology function	Anticipate how new technologies will redefine what customers will value tomorrow, and educate other executives on what they will enable

³ Closing the CEO-CIO Gap, Forrester Research, February 7, 2007.

strategy, says Broadcom's Venner. The trick is to let your staff focus on the nuts and bolts of IT ops and then to take advantage of the space that clears for you to do (or learn) the sourcing and strategy apexes of the situational triangle.

As noted, the issue of strategy leadership causes some CIOs discomfort. Some may confuse leadership with ownership, and not see themselves as the drivers of company strategy. But CIOs should be comfortable offering their own ideas, reacting to those of others, and participating in discussions and analyses of current and proposed strategies. Although there are a few examples of CIOs who become CEOs, that level of leadership is exceptional.

A CIO doesn't need to aspire to being the CEO to act as a strategic leader. To become comfortable with strategy, Venner advises CIOs to float trial balloons: both new ideas for the business and less grandiose tactics to improve efficiency. He calls this combination of the strategic and the tactical "stractical"—proposing what else the organization can do while cutting costs. "Do what they want, but also propose what you believe," he says. The CIO has reason to be involved in business strategy, says Kushar, because the CIO runs much of the operations that execute strategy and should be able to see not only the implications of strategy on operations but also how operations can enable better strategies.

Overlaying all three apexes of operations, sourcing, and strategy are three key personal attributes:

- The ability to market—to sell, if you prefer
- The ability to lead
- The emotional intelligence associated with knowing yourself and knowing how others see you

Engaging in self-examinations of these attributes may cause many CIOs even more discomfort than pursuing the strategy apex.

Melvin, for example, says CIOs are more likely to fail because "they can't sell and manage and facilitate in the context of the organization" than to fail because they are incapable of creating a strategic framework. Kushar says the CIO's ability to market and communicate is so important it should form a fourth apex. A recent Forrester survey supports this view: CEOs had the highest regard for IT's role in business innovation when they characterized their CIO as a good or excellent communicator.⁴

It's very simple: A CIO's ability to market and communicate is essential.

Understanding your own situation through assessments

To be a successful situational CIO, you need to be able to operate at any or all of the three apexes at any time in any situation. But how do you know that you can? And how do you know that your organization believes you can? It is essential that you answer those two questions.

If you can't see yourself objectively, then you can't resolve any gaps you have in your ability to navigate among the apexes. If you have the requisite skills and persona but your executive colleagues don't think you're able or inclined to handle all three, they'll pigeonhole you (often unconsciously) as the cost-cutting person or the operations person or—worse—the technology person.

It is useful to think of your strengths and persona as your personal brand. Then, says Venner, "Either 'work at it [your

4 Closing The CEO-CIO Gap, Forrester Research, February 7, 2007.

A CIO's approach to becoming a business executive

Ken Venner, Senior Vice President of Corporate Services and CIO of Broadcom, a semiconductor company, has combined 360-degree evaluations and a focus on marketing skills as an approach to be taken more seriously as a business partner in the C-suite. The following excerpts from an interview with PricewaterhouseCoopers illustrate some of his thoughts.

On 360-degree assessment and self-branding: I have done more than one 360. One was a branding thing: What do people think of you, when do they think of you? As an executive you have to think about what your brand is, what people think of you. You need to either work at it, embrace it, and make sure you are driven in it, or figure out how to get branded the way you ought to be.

The other 360 was mostly inside the company—my boss, my peers, my subordinates—who helped me understand that I was extremely detail oriented, almost to a fault. I learned over time to let people own the things they own. And even if they are not absolutely right, if they are close enough then don't sweat the details.

When you get a 360, you get a slightly different picture of yourself, and then you have to do what it takes to be perceived more positively. You have to figure out where you want to be when you are done, like an IT road map. You need to ask some key questions: What is my personality? What's my value proposition for this company?

His role change as the company grew: Broadcom is a bigger company than when I started nine years ago, so I operate at a higher level. My lieutenants

work at the layer I used to work at, while I'm spending more time with my peers outside the company and trying to understand trends and directions inside.

Gaining comfort as a business executive: This wasn't a problem because I came from a process manufacturing floor as a businessperson who used IT to get the floor working. And then I picked up a career in IT.

I gained a lot of respect because I don't generally like to talk about our technology, though I can talk tech to anyone who wants to talk tech. What I try to talk about is business outcomes, things that my peers relate to in terms of the results and the associated change management. Let's just talk about what we are trying to accomplish as a business and what success looks like. Let's get that agreement first, and then we will worry about the technology.

If you have a strong business applications experience, IT management and governance capabilities, and good business analysis skills, you can generally walk into most business situations and look for opportunities. The people you serve are heads-down and trying to do their work. They don't get to sit back for a second and look to see if the work that's getting done is being done in an optimal way.

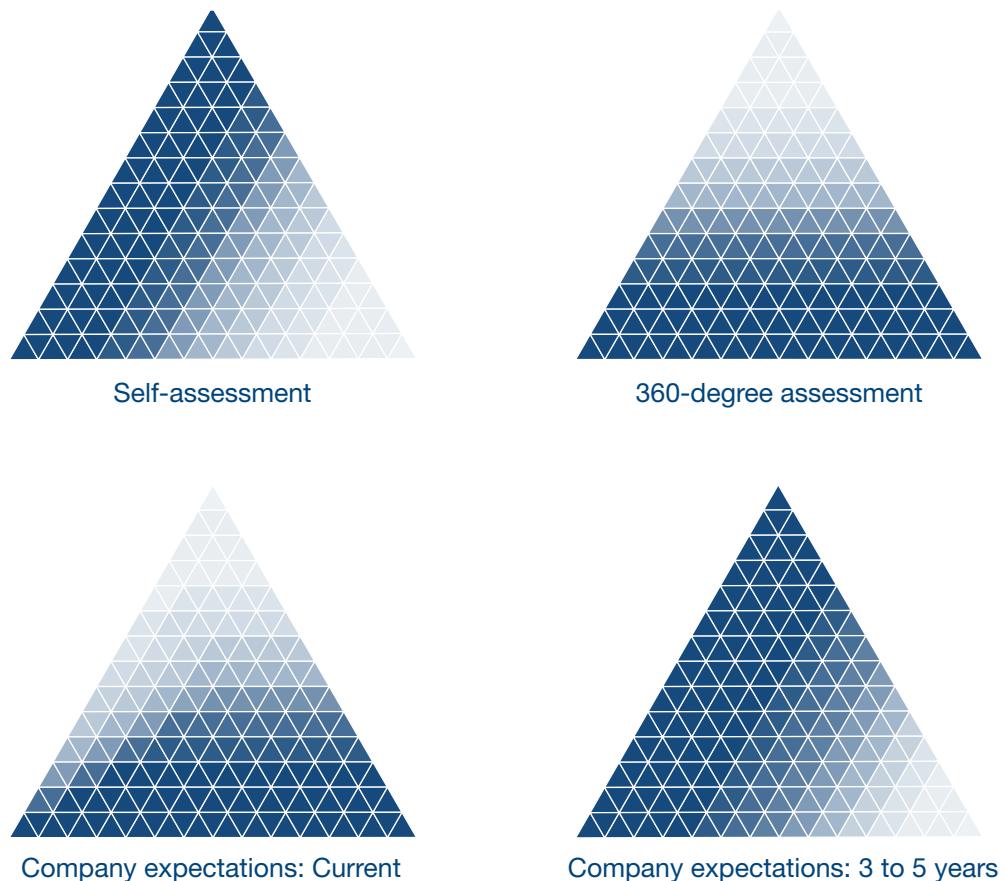
Likewise, if you look at your highly profitable customers and assess how to deliver a better experience, you will identify additional opportunities. You've got to figure out how to enhance this piece of the business. IT sometimes can help that, and sometimes it just shows that you've got a problem.

brand]’ or understand the difficulty you face in changing how you’re perceived.” Adds Kushar: “You have to understand the role the company sees for you as well.”

To achieve this, CIOs continually assess themselves using informal methods (such as noting how others react to their actions and statements) and formal methods (such as conducting self-assessments and 360-degree assessments from colleagues, employees, and customers). To use the results to effect change, draw four situational CIO triangles that illustrate:

- A self-assessment of your skills and focus
- A 360-degree assessment of your skills and focus based on the views of your business colleagues, managers, employees, and customers
- Your assessment of your business’s current expectations
- Your assessment of your business’s likely expectations in three to five years

Figure 3: Self-assessment and business expectations views of the situational CIO. Gap assessment between your “Self-assessment” and the “360-degree assessment” identifies areas to strengthen. Gap assessment between “Self-assessment” and “Company expectations” identifies areas to improve capabilities and communication.



See where the triangles don't match up. This will form the baseline for your analysis of where you can change and where you can help your business change to improve the match between focus and expectations. (Or decide that it makes sense to work elsewhere.) This gap analysis forms the goals for your self-improvement plan and for your influence-the-business plan. Figure 3 shows an example.

The first and, possibly, the most enlightening assessment might be gap analysis between your self-assessment and the 360-degree assessment, as this will reveal the gaps in your personal attributes: communications and marketing/sales, leadership, and emotional intelligence capabilities. This could determine where you may need to develop in order to participate more effectively as a member of the executive team. (See the sidebar A checklist for CIO self-transformation.)

The external assessment may reveal that communications with and within the IT organization are both more frequent and more complete. During the economic period that was concerned with economic efficiency, such communications may be appropriate.

However, over a longer period of time, communications should be (and should be perceived as being) more focused on processes, application orchestrations, and business strategy. Primary objectives of CIOs should be consistent behavior and the perception that they are effectively exchanging information about both the support IT provides and what IT could enable.

Factors that could affect your transformation's success

As you develop your change plan, keep in mind contextual factors that could affect your self-transformation and your success at influencing your business's change.

One factor is that the recession has increased the danger of the CIO's being pigeonholed as the cost cutter or technology expert, given the recent emphasis on cutting costs across the enterprise to the exclusion of nearly everything else.

A second factor: When CIOs do believe that the strategy apex is an essential part of their role, they often struggle to give it the equal attention it warrants. The intensity of managing IT operations and sourcing can leave little time or energy to add strategy to the portfolio.

A third factor relates to personal barriers. Taking on business strategy may require a CIO to break the stereotype that business executives may have of that CIO. Or the CIO may need to operate outside a comfort zone. "I'm probably not aggressive enough in pushing new initiatives. I am challenging myself to be taken more seriously in the strategy basket; now I'm mostly perceived to be in the other two," says Arrow's Melvin, who is involved in strategy conversations with his C-suite colleagues.

A checklist for CIO self-transformation

Most organizations expect the CIO to contribute to business strategy while making savvy sourcing decisions and ensuring efficient IT operations. Here's an approach to determine where you need to improve so you can contribute to business strategy.

1. Conduct a self-assessment of your abilities and interests in the situational CIO triangle's three apexes: business/IT strategy, IT operations, and sourcing and orchestration.
2. Conduct a 360-degree assessment of your abilities and interests in the three apexes by using feedback from peers, executives, employees, external partners, and customers. (If you're not sure whether you'll be able to hear their comments accurately or whether they'll give candid feedback, consider using a consultant.)
3. Conduct an assessment of your company's expectations and capabilities in the triangle—by talking to executives, employees, and others—for the business's current context and its likely context three to five years from now. This assessment includes understanding the company's strategic plan and the realism of that plan given the company's strengths and culture.
4. Conduct a 360-degree assessment of your personal attributes—communications and marketing (or sales), leadership, and emotional intelligence.
5. Analyze the results of the assessments by comparing the assessments in steps 1 and 2 and also comparing the assessments in steps 1 and 4 to understand what you need to change about yourself and/or the company's perception of you so you can be most effective as a member of the executive team. Then establish a plan to obtain needed skills, to modify actions to change perceptions, and to communicate effectively to close the gaps.
6. Compare the assessments in steps 1 and 3 to understand where change is needed and where capabilities need to be added so you can deliver what your business needs now and in the future.
7. Analyze the gaps, and create an action plan based on what you need to change in yourself and how you might help drive change in the business. You are more likely to be able to change your own skills than to get your organization to change, so be realistic.
8. Bring in the support you need to help you make the changes identified in steps 5 and 7. Your human resources director may suggest executive coaches and other resources. If you have a close relationship with other executives (and senior direct reports) who demonstrate abilities you want to develop, some of them may be able to act as informal advisers. Don't overlook the alternative of using outside professional assistance. Participating in industry groups and soliciting informal advice from external colleagues can help.

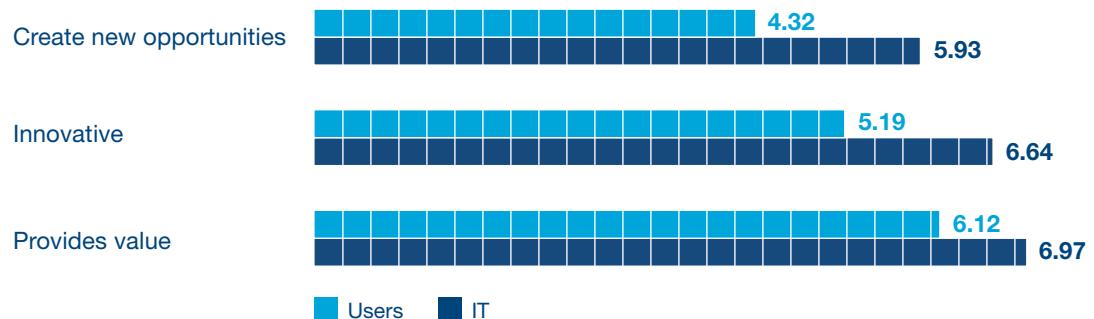
Even CIOs who think they're considered business savvy by C-suite peers may need to do a reality check. A recent survey of more than 300 senior executives by BusinessWeek Research Services found a substantial gap between what

IT decision makers and their internal customers thought was being delivered to the organization. As Figure 4 shows, the biggest perception gap is IT's ability to create new business opportunities.

Figure 4: A recent survey of senior executives revealed a substantial gap between what IT decision makers and their internal customers thought was being delivered to the organization.

The biggest IT shortfalls

*Q: How well does each of the following describe the IT function within your organization?
On a scale where: 1 = Does not describe at all; 10 = Describes completely*



Source: BusinessWeek Research Services, June 2009



Conclusions

The situational CIO is the norm at top organizations and will become the norm elsewhere during the next decade. The size and shape of the triangle of roles—sourcing, operations, and strategy—will vary by organization according to industry, scale, executive beliefs, and other factors. Yet the apexes will remain the same, and anyone in the CIO role will need to move among them.

Successful situational CIOs will also need skills to upgrade their personal attributes—in particular, their ability to sell to and communicate with other senior-level colleagues. Leadership ability and the emotional intelligence to see yourself as others do are also important. Figure 5 captures the spectrum of both skill responsibility focus and personal-attribute dimensions highlighted in this paper. Both are absolutely necessary to achieve the influence, respect, trust, and presence that a successful situational CIO leader needs.

The effort required to become a successful situational CIO is not trivial, but that is also

true of other C-suite positions. It appears that most CIOs can learn whatever skills they lack but may need professional assistance for this transformation. And, by methodically assessing themselves and how others view them, they can put in place a plan to excel in their current environment—and position themselves for success as the environment changes, which it will.

Some CIOs may shrink from these challenging requirements. Such individuals should either ask themselves whether they want the full weight of CIO responsibilities or consider a narrower role where they can be comfortable and excel. The latter is an honorable conclusion and career strategy.

Those who want to be situational CIOs must find a way to gain the skills and attributes—knowing it won’t happen overnight—and put into practice activities to continually garner more responsibility and trust. Everything indicates that leading companies will embrace such CIOs—and indeed require them.

Figure 5: Successful situational CIOs combine keen self-awareness, leadership, and communications attributes with appropriate focus on issues of greatest concern to the business.



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Advisory

Sponsoring Principal
Tom DeGarmo

US Thought Leadership

Partner-in-Charge
Tom Craren

Center for Technology and Innovation

Managing Director
Bo Parker

Project Lead
Terry Retter

Principal Author
Galen Gruman

Editorial Advisers
Vinod Baya, Bud Mathaisel,
Justin McPherson, Alan Morrison,
Jonathan Reichental, Terry Retter,
Joseph Tagliaferro

Graphic Design

Creative Director
Laura Tu

Designer and Illustrator
Chris Pak

Online

Director, Online Marketing
Jack Teuber

Designer and Producer
Joe Breen

Copy Editors

Lea Anne Bantsari
Larry Marion for Triangle Publishing
Paula Plantier for EditAmerica

Marketing

Robert Kramer

Contributing Participants

Kent Kushar
Vice President and CIO
E.&J. Gallo Winery

Hank Leingang
Senior Executive Search Consultant
Information Technology Officers—Center
of Expertise
Korn/Ferry International

Vincent Melvin
Vice President and Chief Information
Officer
Arrow Electronics, Inc.

Kenneth E. Venner
Senior Vice President, Corporate Services,
and Chief Information Officer
Broadcom Corporation

Thomas M. Carroll
Chief Technology Officer
BNY ConvergEx Group

Terry Dwyer
CIO
Realogy Corporation

Patrick E. McGuire
Chief Technology Officer
Apollo Global Management, LLC

Cara Schnapper
EVP, Technology and Operations
TIAA-CREF

Margot Sharapova
CIO
GE Healthcare, Medical Diagnostics

WWW.pwc.com

To have a deeper conversation about how this subject
may affect your business, please contact:

Tom Degarmo
267-330-2658
thomas.p.degarmo@us.pwc.com
Philadelphia

Philip Garland
703-918-4523
philip.a.garland@us.pwc.com
Washington Metro

Bob Zukis
213-217-3222
bob.zukis@us.pwc.com
Los Angeles

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