THE CIO OF THE FUTURE

Combining Technology and Business Expertise

workday.

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Let's consider the letter "I" in CIO—"information." It's what rules everything we do. No decision is made, and very little purposeful action is taken, without information to guide us.

The caretaker of information in an organization is the CIO who develops and manages the plan for how information is accumulated, organized, stored, transacted, and analyzed. As information increasingly becomes the currency of the global economy, the role of the CIO is changing and becoming more strategic because of the CIO's unique ability to understand and manage information.

The skill sets that were once needed to manage information are also changing. CIOs have to move beyond just "managing" IT and instead toward helping the organization find a competitive advantage. Today's economic environment requires that the CIO of the future emphasize business knowledge with technical depth, along with evangelism and leadership abilities that can be used to drive strategic corporate growth plans and increase market opportunities.

In its CIO Transformation Survey, *Forbes* took a deep look at how the CIO's role is changing, and specifically at the shift into roles that have broader leadership responsibility. *Forbes* broke down the CIO's role into four archetypes:

- **Transformers**, who lead digital efforts through major innovation

- **Advocates**, who experiment and promote new digital concepts

- **Servicers**, who offer support and guidance but generally do not launch their own transformative projects

- **Plumbers**, who mainly focus on keeping existing systems running

It should come as no surprise that the survey found that the most digitally mature companies were those with CIOs who were transformers and advocates. Considering the greater focus on business knowledge, the most aspirational and strategic CIOs of the future would do well to learn the skills and attributes of the best transformers and advocates.

Four Ways to Build Business Acumen

In its report "CIOs Must Build Greater Business Acumen in IT for Digital Business," Gartner predicts that by 2020, 100 percent of roles in IT will require an intermediate level of proficiency in business acumen to effectively execute on the digital business strategy.* That requires knowing the business, interfacing with visionaries across the business, and driving a smart digital agenda. Technology will be the foundation, but business will be the mindset.

To do this requires that CIOs develop new skills and capabilities that do more than run a great IT organization—they need to contribute to bottom-line goals. Research from Gartner and several other organizations indicates that CIOs and IT leaders should develop the skills to be able to do the following:

Partner: Work with internal groups to create business value from digital initiatives.

Partnering with other C-suite executives gives the CIO visibility into their groups, and helps the CIO get buy-in to digitize business efforts. Through development of a digital strategy for internal operations and external business, colleagues can collaborate on

what's required to create new opportunities and competitive advantages. With smart partnering both across and outside the organization, CIOs become the chief enabler.

Effective partnering first demands that CIOs understand the different parts of the business. This empowers them to lead, rather than respond, through building business-specific requirements, identifying the right technology vendors, and gearing for
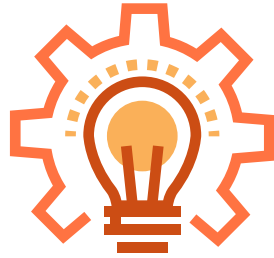
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the right type of technology architecture that will fit best with business goals. A thorough understanding of different groups and how they contribute to the overall business, how they're measured, what their short- and long-term plans are, and what is preventing them from achieving their business goals is needed to partner effectively.

The CIO should figure out how to map the digital strategy to what these leaders are doing and then, in collaboration with them, adapt and improve the strategy to continuously meet business requirements. The thinking should be about how technology can improve the leaders' efforts in a way that will provide demonstrable benefits, such as major savings, new revenue opportunities, or competitive advantages.

As an example, perhaps a CHRO needs better data to understand employee attrition. An operational IT team would approach the task as a one-off solution: Run a basic analysis that gives numbers and percentages of when employees leave, which departments have the highest attrition, and maybe other details that give color to the issue. The IT department can handle this with relative ease, and what the CHRO decides to do with it, ostensibly, is their business. For the CIO who emphasizes the "information" in their title, this is a job well done.

A solution that provides far greater value, however, is for the CIO to work closely with the CHRO to deploy a technology solution that addresses the strategic, long-term needs of HR. Armed with the right data, are there automated processes that can be triggered to help limit attrition? For example, is there analysis that can be done during the hiring or review processes that can help predict when a person might leave? Before CIOs can do this, they need to understand how HR works, the strategies HR leaders employ, and what's important to them. Using technologies like cloud-based solutions and predictive analytics, CIOs can configure something that fits the need. None of this is possible without collaboration and understanding among the right players.

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Reframe: Become a business advisor, not just a technical one.

The role of the CIO is becoming a blend of business and technology expertise and its reach and influence is now part of every element of the business. As John Barden, deputy CIO of the University of Rochester, notes, "IT is no longer an ancillary support function. IT is embedded in what we do and is much more of an advisory function to help people think about what they need and source options for how we might deliver that together."

For many CIOs, the lens has been internally focused on delivering valuable technology solutions to employees and close stakeholders. That is changing rapidly: Among CIOs that can be identified as transformers, 83 percent project that they will spend more than 50 percent of their time over the next five years on digital initiatives and projects, according to the *Forbes* CIO Transformation Survey. This requires that CIOs build their

business acumen, pair it with their technology expertise, and begin to execute on a digital leadership strategy that will not only make the business more efficient, but will also actually create new, profitable digital channels. Gartner states, "These roles are critical to advancing the IT organization from a transactional, operational support level to a higher maturity level of business partner, change agent or transformation leader."*

PARTNERING WITH OTHER C-SUITE EXECUTIVES GIVES THE CIO VISIBILITY INTO THEIR GROUPS, AND HELPS THE CIO GET BUY-IN TO DIGITIZE BUSINESS EFFORTS.

In the *Forbes* CIO Transformational Survey, CIOs describe the transition as a shift from back office to being front and center with customer-facing activity. Many see it as a "before and after" type of scenario, where they have moved from being task-focused to now emphasizing innovation and being a business consultant. To this point, the survey shows that respondents expect to spend 42 percent of their time on digital activities within the next five years.

Changing that focus means emphasizing business and technology goals equally. It requires that CIOs use a new language—one that references customers and the financial bottom line, evokes business development opportunities, and considers cost as a factor in deploying technology. Adapting business processes to be available through web-based interfaces and making applications usable in mobile and other digital formats are all initiatives that require the combined perspectives of a business and technology leader. Through collaboration with other C-level executives, the CIO can deliver viable solutions that will drive engagement, usage, and value.

Evangelize: Learn how to communicate your vision.

Let's face it, many employees think of IT only when their laptops freeze. Outside of

fixes and new equipment, IT doesn't last very long on their radar. But when the CIO works with other business leaders to instill a new culture of digital innovation across the enterprise, everyone should be aware of how it impacts them. It is up to the CIO to create a message about how digital initiatives support the business, and deliver that message far and wide.

In the Gartner report, communication is given top billing as a necessary skill for CIOs. The report states, "CIOs and IT leaders should use communication strategies to consistently link the role of IT, and its activities and performance, to the business strategy and performance."* The vision no longer becomes simply one of IT; rather, it becomes a roadmap for business success that's a result of digital innovation. That's a big transition, but with effective leadership, the CIO can minimize internal discomfort and help steer the ship effectively, course-correct as needed, and keep everyone in the boat.

The CIO needs to communicate the digital vision for the enterprise: That an orchestrated collection of on-demand web services, APIs, and hardware along with standardized, platform-agnostic technologies will bring companies closer to their customers and improve internal operations.

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Gartner suggests that CIOs and IT leaders leverage the following approaches in IT communication to raise business context awareness in their workforce:*

- Use top-down, cascading communication to ensure that clarity, proper contextualization, and alignment of key messages are delivered throughout the organization.

- Invite guest speakers from business areas, external partners, and even customers to expose IT staff to fundamentals about the business and its ecosystem, and also to keep staff abreast of market trends and customer needs.

- Incorporate and restate key elements of the IT strategy wherever appropriate, such as during portfolio planning meetings and in regular IT updates delivered through town halls and team meetings. This helps reinforce and sustain commitment from IT staff through better prioritization of work and keeps everyone aligned with the strategic priorities of the digital business that require teams to act in unison.

- Learn to use storytelling to capture people's attention; facilitate their understanding of any complex, abstract concept or strategic direction; and ultimately motivate and engage them into taking action.

In other words, CIOs need to step outside of their traditional comfort zone and figure out how to evangelize the power of IT initiatives to the rest of the company. Whether that's face-to-face, or through webinars or other means, it's becoming a requirement. The more that people hear the CIO's message, the more they will see it as something embedded into the way they work, rather than as a one-off project or goal—or worse yet, some disconnected corporate mandate that has nothing to do with their own role.

Connect: Think first about customers.

A recent Harvey Nash/KPMG study of more than 3,300 CIOs and IT leaders, The Creative CIO, notes significant changes in how CIOs are responding to CEO demands: CIOs are now focused more on projects that make money (63 percent) rather than on

those that save money (37 percent). The strategic connection among technology, customers, and business goals is now more tightly bound than ever before. In "Redefining Boundaries: Insights from the Global C-Suite Study," IBM predicts a 19 percent increase in digital and individual engagement with customers, and *Forbes* notes that among "transformer" CIOs, 51 percent plan to "significantly increase direct customer interactions" in the next two years.

LEARN TO USE STORYTELLING TO CAPTURE PEOPLE'S ATTENTION.

These changes indicate the need for CIOs to use their expertise to execute a digital business strategy that is more about customers than it is about technical functionality. The challenge will be to think "customer first" and it will require that CIOs consider how technology is used outside the company walls. Typically, CIOs have supported the efforts of others who interact with customers, but to deliver on these new goals, they will need to learn how to engage directly.

The CIO must use technology resources to connect both internal users and customers through digital channels. Through cloud-based software applications, API connectivity to other applications, mobile engagement, and other types of web-based access, the CIO already is adept at making connections. With the increased demands of customer engagement, those connections just need to be extended beyond the company's walls. Pervasive security at all levels and access control are mandatory, as is the creation of opportunities for the development team to collaborate on data access and application functionality with third-party developers.

And probably the most critical part is user experience. That means not only the interface and usability of applications CIOs make available to employees, partners, and external customers, but also the experience of working with the IT team and tools. Users have to be able to instantly use and find value in an IT organization's service and

brand, but to do that, CIOs must make sure that their teams emphasize how technology resources can drive business. In a world with many options, CIOs and companies that don't focus on delivering a good user experience will lose out to those that do.

There is no escaping that the entire role of the CIO has changed significantly over the past 10 years to reflect new expectations and challenges. Where once things like efficiency and process ruled the CIO's day, we now see the CIO is tied to vision, digital strategy, and business goals. This reflects company needs and market demands, and also speaks to the inherent ability to change and adapt that most CIOs have regularly demonstrated.

CIOs NEED TO DEVELOP SKILLS THAT WILL INCREASE THEIR BUSINESS KNOWLEDGE AND PREPARE THEM TO LEAD A COMPREHENSIVE DIGITAL STRATEGY. CIOs SHOULD LOOK TO IMPROVE THEIR CAPABILITIES IN THE FOLLOWING WAYS:

1. Identify and hire top talent to achieve digital business goals.

2. Build a team that will spread technology value across the organization with data scientists, API developers, business analysts, and others that can spark innovation.

3. Get comfortable with taking risks and be able to defend failure as part of necessary change.

4. Benchmark and know what others in your industry are doing with digital change.

5. Emphasize widespread adoption and remove barriers to usage.

The skills required to be effective in the role have changed in a way that will require not reinvention so much as reaffirmation of the CIO's place in the organization as both a business and technology leader who can direct the path for the company into the future.

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