

Perspectives for Managers

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Realizing IT Value: A Shared Responsibility between Senior Managers and the CIO

Many senior managers today would probably agree with the statement that “leading and managing people are too important to be left to the Head of HR!” However, would most managers agree with this question: “Is effective knowledge, information and IT use in the business too important to be left to the CIO and IT function?” The answer is a definite yes. The responsibilities to manage knowledge, information and IT in a business must be shared between senior managers and the CIO. Both sides bear responsibility for the management and use of these resources. Through their mindsets and actions, both sides get the knowledge, information and IT management they deserve!

If your answer is no, then the information resources in your business are the principal concern of the CIO. They along with their IT organizations drive what the business does with knowledge, information and IT resources. Senior managers depend on the CIO to deliver business results directly with these resources.

However, CIOs are not in a position to deliver business results without the involvement of senior managers to decide how information, knowledge and IT resources can and will be used to impact business performance for three reasons.

First, knowledge resides primarily with people as experience, expertise, judgements, emotions and convictions. Maximizing corporate knowledge requires managers to create a business climate where their people are motivated to express, share and use their knowledge for their collective benefit every day. CIOs, in contrast to senior managers, are not in a position to influence how other managers

and employees in a company behave with their knowledge as they do not control appropriate rewards, recognitions and controls.

Second, information management practices in a company are primarily concerned with how people sense, collect, organize, maintain and process the right information at the right time for decision making and problem solving in business processes. While CIOs deploy the systems and infrastructure for enabling people to use information, it is senior managers who must motivate, train and monitor how effectively people manage and use information related to their performance in the workplace.

Third, most of the value of effective IT practices comes from their use by people in business processes and only secondarily from how IT is deployed. CIOs and the IT organization must deploy IT practices effectively, but the real value comes from how people use these resources in conducting the activities of the business. Keeping the IT systems and infrastructure working globally round-the-clock is necessary, but not sufficient, for optimizing IT value in a company.

Divergent Roles of Senior Managers

The Traditional View of many managers is that IT is a competitive necessity. One must invest in IT infrastructure and applications at least as well as the competition. IT is seen as a cost center and the focus is on deploying IT efficiently. IT enables business processes and operations through the deployment of needed systems, standards and project disciplines. As long as the business defines what it needs in

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functionality in software applications and systems, IT will build it, or more commonly, will source the proper software and tools from vendors. IT is perceived as a support function with no real strategic role. The CIO in this scenario almost always reports to the CFO.

In contrast, the Business Impact View perceives IT as a source of competitive advantage. Senior managers focus on the role of information and IT as enablers of profitable growth and innovation in the business. In this scenario, managers are concerned with how IT and information are used, not just deployed. Managers focus on the quality of decision making and the information to support them as well as on the reliability and speed of business processes and overall operational excellence. In this view, information and IT enable business innovation and management support, and are not just focused on running operational processes. Senior managers emphasize how knowledge and information are used by their people in the business to create value so IT is perceived as a business function like sales, manufacturing and R&D. CIOs in this scenario are often viewed as full players on the senior management team positioning the role of information, knowledge and IT as critical resources in the execution of strategy and the business model.

Divergent Roles of CIOs

On the other side, there are corresponding differences in the ways CIOs see and execute their roles that impact how they interact with senior managers.

Traditionally, CIOs tend to be small “i”, big “T” people who think about the IT function primarily as a technical and engineering activity. The CIOs role is seen as “aligning” IT with the business strategy and to plan, budget and manage IT resources and people. The role of the IT organization is to provide IT solutions, systems and projects on time, in budget and within scope of stated needs. CIOs focus on developing IT people and competencies, and let the business people worry about how information, knowledge and IT are used. The IT function is viewed as a support function that primarily emphasizes running the business processes, systems and infrastructure efficiently.

In contrast, in the Business Player View of IT, the CIO engages senior managers in setting business priorities for information and IT projects, solutions and capabilities. The CIO is a “player” on the senior management team positioning the use of information, IT and knowledge as critical resources in the strategy and business model for growth and innovation. While the business governs IT priorities and plans, CIOs and senior managers share common mindsets and concerns about using, not just deploying, information, processes, systems and infrastructure effectively. The strategic role of the CIO and IT organization is to enable the use of knowledge, information and IT by the managers and people in the business. CIOs should assist managers in developing the people competencies to manage information effectively, to instill in people the proper behaviors and values related to integrity, transparency, trust and sharing of information and knowledge as well as to use IT not just to support the running of the day to day business, but to enhance management decision making, innovation and growth.



Figure 1: The Senior Manager and CIO Leadership Matrix

The Senior Manager and CIO Leadership Matrix

Given these differences in the perceived roles and responsibilities of senior managers

and CIOs, the implications for how information resources, IT and knowledge are managed in the company will differ, as Figure 1 suggests, quite dramatically.

IT Doesn't Matter!

In this view, both senior managers and CIOs are “aligned” in treating IT as an operational function, reporting to the CFO as a cost center. The IT organization is expected to be a follower, not innovator, and should emphasize efficiency, productivity, low-cost and standardization wherever possible. The IT organization, people, investments and deployments have no “strategic value” to the company’s lines of business or future competitiveness so running the business with IT is sufficient. The CIOs main job is to keep the IT “lights running” 24/7 and to enable business operations efficiently.

IT Pushes the Business!

In this view, the CIO and IT organization want to play a “strategic role” in the company if the senior managers were to let them. IT as a function is still treated as a cost center, but with occasional innovation and value creation forays into the business. However, in this view, senior managers rarely appreciate or respect IT efforts to act strategic. If IT pushes projects and does not deploy them successfully, business managers blame IT every time. IT contributions focus on good deployments and running reliable applications and infrastructure. The business does not expect more! CIOs are always “at risk” since senior managers do not know what they really want from IT.

Business Pulls IT!

In contrast to the second view, here senior managers see IT as a source of value creation, but selectively by “business opportunity”. In this view, IT “takes orders” from the managers or the managers do their own thing with IT. Business demands effectiveness and efficiency from IT for its needs and priorities, but IT cannot deliver. Business managers are frustrated with IT, but do not know why, so they develop their own “shadow” IT people

and competencies to deliver IT solutions and projects in the business. IT plans and priorities are not “compelling” in the eyes of business leaders, so CIO credibility is low. CIOs often serve at the “pleasure” of business leaders or hide behind their focus on technology and infrastructure.

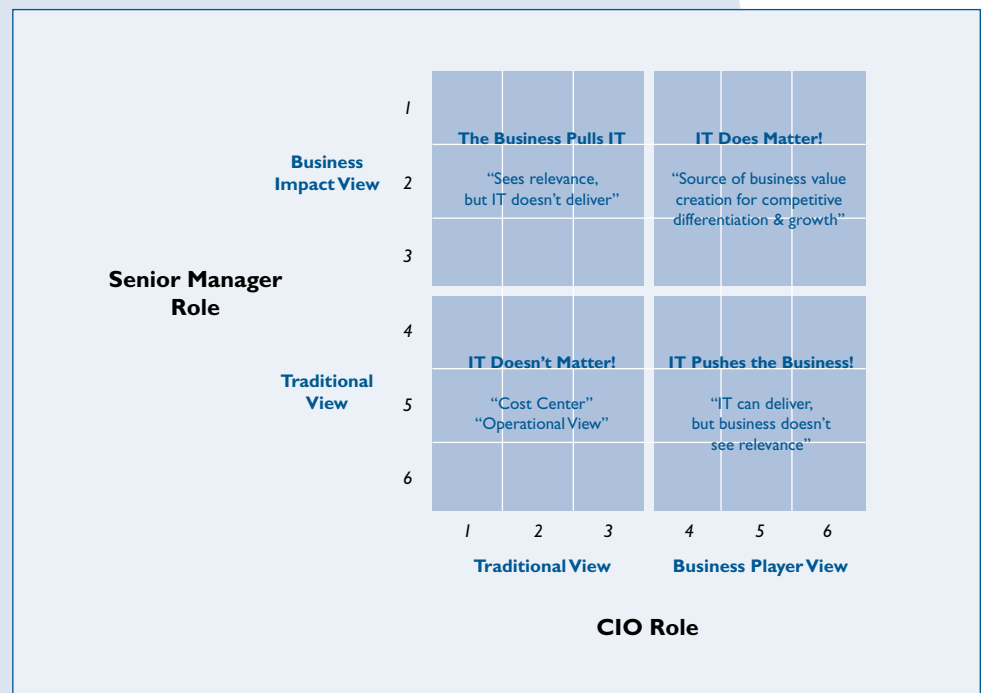


Figure 2: The Senior Manager and CIO Leadership Matrix: Evaluating Shared Roles and Responsibilities

IT Does Matter!

In the final scenario, senior managers and CIOs both see information, IT and knowledge capabilities as sources of differentiation and growth. They govern the deployment and use of these resources collectively. Managers and CIOs see information and IT usage as the multiplier of business value with the appropriate people competencies and behaviors. CIOs develop and deploy their people to enable managers to exploit information and IT for innovation and management decision making in addition to managing business processes and operations. Both managers and CIOs perceive information, IT and knowledge as critical to the execution of strategy and the business operating model of the company. CIOs supply IT to drive business value with managers who shape demand for information and IT based on business priorities.

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A Leadership Exercise for Senior Managers and CIOs

While we cannot explore all the real world implications embedded in these four views of the senior manager and CIO leadership roles, one straightforward place for your company management teams to begin is to evaluate, using Figure 2, where they are today and where they believe they can or should move in the future relative to these four positions. Two key questions come to mind:

Where are your group or business unit management teams and CIOs today in terms of mindsets, behavior and shared language?

“ For most companies competing globally in service or industrial products businesses, the use of knowledge embedded in their people, information about products, customers and operations, and IT applications and competencies can inhibit or enhance competitive success. ”

In addressing this question, we recommend that managers recognize the differences between aspirations and current behaviors, language use and actions. For example, business managers may talk as if IT Does Matter, but act very differently in working with their CIOs or the IT organization. Similarly, CIOs may talk about their roles as business players, but do not have the credibility to actually play those roles on management teams. Distinguishing with honesty and integrity between aspirations and behavioral realities related to these leadership options is the first step in generating productive conversations within management teams about these shared roles and responsibilities.

Where should your group or BU management teams and CIO be in the future related to the strategic management of information, IT and knowledge resources?

In focusing on this question, the management teams and CIOs can discuss their shared strategies and the role of information, IT and knowledge capabilities in the business operating models for improving performance. Both

can discuss the roadmap they must follow to improve the execution of information, IT and knowledge capabilities to achieve competitive advantage, business innovation and growth.

Information, IT and Knowledge Capabilities are Too Important Not to Be Shared and Owned by Business Leadership Teams!

A basic premise of our discussion is that the way your company's leaders and managers think about and develop information, IT and knowledge capabilities embedded in strategy and the business model are too important to be left to the CIO alone. Similarly, these strategic choices are too important not to be made consciously and carefully by management teams including CIOs. For most companies competing globally in service or industrial products businesses, the use of knowledge embedded in their people, information about products, customers and operations, and IT applications and competencies can inhibit or enhance competitive success. Are your management teams really conscious of their strategic choices, mindsets and actions about information, IT and knowledge that matter in your company?

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