AVOIDING THE SCHIZOPHRENIC I.T. ORGANIZATION

COMPANIES NEED TO BALANCE AGILITY AND STABILITY

By IMD Professor Donald A. Marchand and Joe Peppard - November 2013

A pharmaceuticals company we've been studying decided to deploy more than 20,000 iPads and other mobile devices to the global sales force to improve its engagement with doctors in emerging and developed markets. Over the next two years, this change in how sales people interact with customers will redefine what the product content will be, how the sales staff will use a new CRM platform to record visits online, and how new insights will be derived from these interactions across sales, marketing, and brand management — ultimately driving decisions.

The impact on the company's IT organization has been significant. It has never before rolled out something at this speed. Welcome to the new world of IT.

Increasingly, business leaders are driving transformation projects in areas like digital marketing, multi-channel sales, and product-content and customer-information management, pushing the CIO and IT organization to respond in new, faster, and different ways. The timetable for implementing these projects is often months, not years.

For CIOs, the good news is that they're now finding themselves at the center of business change with the opportunity to directly impact front-line business results. The bad news (if it is bad) is that business managers' expectations of the CIO and the IT organization are soaring; they have a "no excuses" view of IT responsiveness.

This is giving rise to a schizophrenic IT organization. One side is focused on running global infrastructure and implementing big-system-application programs over three to five years, where the emphasis is on compliance, security, reliability, and effective 24/7 operations. The other side is focused on "making IT happen" rapidly without the complex plans and multi-year rollouts that have been institutionalized in large IT organizations.

The challenge for C-suite executives, including CIOs, is to avoid an either/or view of IT-enabled business change and to have the maturity to embrace both sides of the challenge at the same time. The logical response might seem to be to restructure and reskill the IT organization (again!) to accommodate the new demands — in particular, to acquire the skills to deploy emerging technologies like mobile, social media, analytics, and big data. This, we contend, is unlikely to achieve much. What is required is a fresh perspective and novel thinking.

The perspective we are advocating is shaped by shifting focus away from portraying the challenge as nailing the design, competencies and skills of a separate organizational unit. The fact is, IT use is pervasive right across the organization; so any response should reflect this. Executives must consider IT less from the standpoint of a factory (the current mind-set) and more from the perspective of how people are managed.

Just think about it: As a manager, you are intimately involved in hiring and managing your staff and appraising their performance; it is not something that you would ever consider delegating to the HR department. Your HR colleagues do have a role to play, but it's an advisory, coordination, and compliance role. They may, for example, liaise with recruiters in identifying potential candidates, help in positioning any advertisements, and work with you to develop talent. Given that you are likely to be critically dependent on information and IT in the performance of your job, why is information and IT treated so differently?

Based on our research, we think organizations should embrace three interdependent roles for managing information and IT: orchestrator, broker, and value realizer.

The orchestrator role involves coordinating how information will be used across the organization, determining where enabling investments will be made, defining the architectural standards needed for integration and process standardization, balancing agility and stability, and determining policies regarding the protection of information. The role also incorporates an oversight function.

The broker role revolves around the supply of IT, applications, and services. These may be brokered from in-house resources, although it is increasingly likely that they will be provisioned from external sources. Even if all applications and services come from the cloud, this must be done within a framework that takes into account both risk and architectural integrity. The role also entails continually assessing the economics and performance of supply to ensure that the organization continues to get the most bang for its buck.

The value realizer role is to ensure that the full value from IT investments is achieved. For new investments this is about managing organizational change and driving use of information. This change enabled by technology must then be sustained over the lifecycle of the investment for all the expected value to be delivered.

While the details of these roles may not be new, how each role will manifest itself in an organization most definitely will be. We don't see these roles necessarily aligning to a particular individual (e.g., the CIO); rather you should treat them as a set of connected behaviors, obligations, beliefs and norms that will affect a broad range of managers and staff in an organization. (For example, this thinking will accommodate Gartner's suggestion that the chief marketing officer will spend more on IT than the CIO by 2017.)

Nor are these roles likely to reside in a single organizational unit (i.e., the IT function). The challenge is to reconfigure resources and accountabilities across the organization to meet the remit of these roles. This is where the shift in mind-set provides the foundation. This will not be easy, but it's the challenge business leaders face if they are to avoid the schizophrenic IT organization.

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