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PERSPECTIVES ON EXECUTIVE LEADERSHIP

C-Suite Digital Business Expectations for Chief Information Officers

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The CIO role continues to evolve along with the pervasiveness of technologies in our daily lives. In 2015, digital business is accelerating C-level executives' expectations.

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Four years ago, Peter DeLisi and a group of Santa Clara University colleagues wrote a piece for the Wall Street Journal titled, “Why CIOs are Last among Equals.” They argued that CIOs were perceived as playing second fiddle to C-level peers because they lacked the business management skills necessary for operating effectively at the highest levels of the organization.

But a lot can happen in five years in terms of business and technology. In 2010, for instance, big data was just hitting the mainstream, the cloud computing market was a fraction of its current size, and most corporate digitization efforts were contained to front ends and mobile apps. Today, these technological innovations are central to many businesses’ strategies, which consequently changed the nature and modern perception of the CIO role.

The C-Suite’s Digital Expectations

Years ago, if you asked a CIO what business he or she was in, the executive would say, “Technology,” even if the person worked for a media or financial services firm. That’s not the case any longer. Good CIOs identify as business executives first. They know the industry, market, and financial dynamics intimately.

But the expansion of the CIO role has not been one-sided. In our conversations with clients and companies, we’ve noticed that executive teams are now much more informed on how enabling technologies can drive real revenue growth. The C-suite executives not only “get” digital in a way they perhaps didn’t before, they also want someone with the experience, vision and leadership capabilities to help their organization “go” digital.

That marks a change. In the past, most c-level peers tended to view IT one-dimensionally, as a supplier of services, such as cloud or enterprise computing. But the CIO role has always comprised two additional elements: leadership—not just downward, but also across the organization; and demand-management—the ability to anticipate and articulate how information technology can support, enable and extend strategic options. Whereas the supply-side aspect may once have dominated perceptions, the C-suite is now much more cognizant of the broader role CIOs can play.

Expectations for the CIO beyond Technology

External board members and CEOs are now looking to see how their CIO candidate will contribute to the business beyond technology. They want to know, for instance, what insights the CIO can bring around customer channels, procurement

and the supply chain. They want to know how well the CIO understands the ‘front line’, if they’ve gone out on a field service call or sat with call center representatives. They want to know that the CIO understands to a fine degree how the business makes money. Four years ago, many of those requirements were aspirational. Few CEOs and directors expected CIO candidates to tick all those boxes, but now organizational expectations are extremely high, and well-performing CIOs continue to raise the bar.

CIOs are expected to deliver on the key capabilities needed by the business as part of their standard remit, and those capabilities are increasingly demanding. For many, that means sharpening their executive communications skills. Because so much at the C-level rides on courting buy-in, it’s really important to develop a sense of presence. And while some individuals have this innately, it’s a quality that can be practised and learnt. In many countries, good performing arts colleges and acting academies have programs for business people designed to help them learn how to articulate, carry an audience, persuade, and even charm. Stakeholder analysis and stakeholder engagement are critically important, and a confident approach will add to CIOs’ perceived competency..

One question we often ask CIOs is, “What do your peers need to do to make or surpass their bonus payments?” Do they know their key performance indicators? That mindset is very important.

A CIO’s job is to influence and effect change so good intelligence gathering and analysis are critical skills for success. If a CIO hasn’t figured out the formal and informal power networks, who his or her supporters are, who the laggards are, and who influences whom, all will be lost.

CIOs are increasingly courted from more diverse backgrounds. We are seeing the appointment of CIOs who might have had a technology role earlier in their career and then took on a line of business role. Some CIO appointments are about tech savvy business executives diversifying their experience as part of their aspirations for the CEO role. And CIOs with diverse and line-of-business experience are now appearing amongst the ranks of CEOs.

Shifting Titles

Titles tend to describe areas of responsibility and accountability. Those who serve in a CIO capacity can sometimes have quite different titles internally that reflect the nomenclature used in their organization. Some examples include Executive General Manager, Information Technology Services, or Vice-President, Business Technology Services.

Who is the Head of Digital?

Over the past few months, we have been working with a number of organizations on digital roles such as Head of Digital or Chief Digital Officer, or where the relationship between the Chief Information Officer and the Head of Digital is critical. Amongst several organizations, we noted the following titles: Chief Information Officer, Chief Information Officer and Head of Digital, the Chief Information Officer reporting to the Chief Digital Officer, and one with both a Chief Information Officer and Chief Digital Officer reporting to different parts of the organization.

So what is happening here? We are just experiencing the current phase of working through how to deal with environments that continue to change and develop. There is no right or wrong nomenclature. The ideal scenario is one where there is clarity around what the business is trying to achieve and why, who has accountability for the different parts of it, and how to make sense of the structure— both internally and externally.

The challenge to CIOs sometimes comes when there is an assumption that CIOs deal with internal technology support and others deal with technology and digital enablement for and with customers. This is rarely accurate in any organization but might reflect some preconceived notions. For many years now, effective CIOs have been deeply engaged at the ‘pointy end,’ working directly with customers and consumers alongside their line-of-business peers.

But the question of ‘ownership’ keeps coming up: what should ‘Digital’ include and who should own it?

SMAC – The Components of Digital

Going back to the digital question, it is useful to break this into its components and then work through what that means in a particular organization. The term SMAC has come into use to describe the key elements of what constitutes ‘digital’ – the use of Social media, Mobile devices, Analytics and Cloud computing. To these, Matt Baxter-Reynolds (Author of Death of the PC), has added IT consumerisation and Big Data.

Sometimes it helps to go back to basics. Here are some pragmatic descriptions that usually work with our executive clients when clarifying these issues in relation to their customers.

- Social media is a two-way channel for interacting with customers and for customers to interact with others customers.

- Mobile devices provide ways by which customers interact, and can access your products and services.
- Analytics refers to how you might glean information from the data you collect (or ‘Big Data’ if you get lots of it).
- IT Consumerisation refers to the fact that now just about everyone can have access to what you do through multiple devices.
- The ‘Cloud’ usually refers to how you might buy the capability you need to provide access to customers and clients (and to process what they provide to you).

Sample Digital Executive Scenarios

From an organizational perspective, one scenario might be a Head or General Manager for Digital Channels, accountable for shaping and delivering customer business via those channels. The company might have the marketing team do the analytics that assess impacts and inform strategy and shifts in strategy. The CIO is accountable for ensuring that the enabling technologies, systems, processes and information are readily available for these purposes – and continue to alert other executives to new possibilities and options. All three work closely together to ensure business and customer needs are both anticipated and well met.

Of course, organizational divides and accountabilities are rarely as ‘clean’ as this, and that is to be expected. In some organizations the CIO role has widened to include accountability for direct channels to customers. Alongside this you might have the accountabilities as above. In others, the perception might be that the CIO did not move quickly enough to clarify their value in some of these digital areas. In others, there might be a painful transition, where the nature of the CIO’s contribution in alerting executive colleagues to the opportunities and threats in SMAC has gone unrecognised. None of this is necessarily fair, nor is it unusual in the evolution of CIO-land.

Strong ‘Demand-side’ Capabilities are Essential

CEOs and executives now have higher expectations for their business technology executives. This has been an inexorable trend over the past 25 years. The educative role of the ‘demand side’ of CIO accountabilities has never been greater. This is both despite and because of the higher level of tech savvy executive colleagues. It’s what makes the role stimulating and demanding and necessitate great leadership, educative, and relationship building qualities.



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