Journey
from IT Manager to CIO

CEO Panel Discussion Sept 4 2014

Hosted by CIS – Ron van der Schalk

CEOs

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In Session 3 of the series we listen to the experiences of CEOs and their views of CIOs in the organisation and the importance of technology.

QUESTION: What is your experience with the use of technology within the business?

Panel Technology has been instrumental in the business strategy and delivering better outcomes for customers at a lower cost of service to the organisation.

This can be challenging at the same. There are many obstacles to overcome but the value technology can generate is significant.

A key is to incorporate technology into the strategy of the business. The business needs to drive the technology and its application not the other way around.

There is a history of poor outcomes and this may be cited in applying technology without good business strategy.

QUESTION: What actually happens when things go wrong, can you share war stories?

Panel Mistakes are made when knee jerk reactions are taken to fix problems. Initiating projects in haste leads to over spending with less reward than the value of the project.

In large organisations it is difficult to get things done quickly and cost effectively. Inflexibility limits the ability to apply new technology effectively and in a timely manner which leads to projects being carried out away from the centrally managed IT group. This may not always be healthy. While process and structure are good, if it leads to inflexibility and inability to make good decisions then problems will arise.

There is a real risk to reputations of Senior Management and Boards when things go wrong. Blow outs and failure to meet objectives have resulted in significant career damage.

QUESTION: Given that, how do you feed information up to the Boards so that they are included at the right level so that you end up with the right input?

Panel Continual project failures create deep scepticism in Boards and C Suite Teams. They see broken promises and large project overruns as a failure by the IT Group to understand the business on one level and, in the most extreme case, self-serving and divorced from the needs of the team. The IT people are viewed with little credibility in such cases.

This has led to the need for independent advice on what the business is being told by IT.

It underscores the need for projects to be business driven with defined business results and not IT driven.

The theme in general is that IT projects over run. The panel's universal experience is that all IT projects suffer significant cost overruns and time delays [US Research confirms that more than 70% of all IT project overrun at a worldwide cost of more than 270 billion US annually]

The causes appear to be related to the inherent difficulty of accurately estimating cost at a concept phase. These widely optimistic costs and timelines belie the fact that the project needs considerable
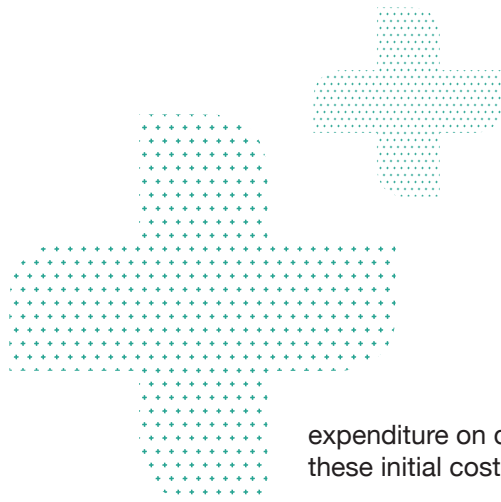
expenditure on development before a true cost can be determined. Yet these initial costs are cast in stone.

The approach to projects and the mindset should change. It is suggested that considerably more money be spent on definition before final approval. There needs to be an understanding that this additional funding could be lost if the project turns out to be non-viable. This can be a hard pill to swallow as the costs can be significant.

When projects fail for cost and timing reasons then everyone feels deflated even if the project is a technical success. This does not need to happen.

There also needs to be a high degree of discipline around managing expectations of the Board and other C Suite team members.

IT needs to set up a partnership with the organisation. There needs to be more trust and ownership in the line management within IT. IT needs to avoid the adversarial approach created when all they say is that the system is old and the company needs to spend a large amount of money because it may fall over. This is not good business and cannot even be construed to be a business case. It is more like technology blackmail.

There was a view the role of a CIO may not even be viable because the job consists of two competing roles. One role relates to business and information management and the other relates to the management of IT systems and hardware.

IT is failing in many ways. There is too much discussion around legacy systems, the latest shiniest and brightest tools and nowhere near enough discussion on business outcomes and improvements. There needs to be people that are technical who can discuss business and have a business mindset.

QUESTION: What would be your recommendations to overcome this disconnect?

Panel Projects need to be driven by business. All parties need to sign off and be prepared to be accountable – have co-responsibility.

There was a strong feeling to have a non-IT person to look after IT.

Some of the organisations were focused on Informational analysis and data intelligence. What was more important was an understanding of the tools available to meet business needs not tools IT wants to push.

QUESTION: Are we assuming that a business knows what it wants?

Panel There was a clear view that IT forms part of the business strategy. The CIO needs to bring the IT team beyond being a service provider - a partner in the business. The panel encouraged IT people to do business courses and understand the industry. They want business people at the table not technology people, someone who is analytical and understands how to use and develop outcomes from information.

There was a view that the CIO had two roles - one around IT Systems and Technology and another around Information Systems. Both these roles could be in conflict giving rise to misinformation and misguided outcomes.

There was view that on one level the CIO had to balance his role as partner and supporter against being the technology policeman enforcing the rules. They need to avoid other C-Suite people developing independent technology fiefdoms.

The duel nature of the role is challenging and can often defeat a person in the CIO role.

QUESTION: How do people take the next step and move out of their comfort zone and become more strategic?

Panel The point was clearly made that you have to become strategic and if an IT Manager cannot make that step then they were likely to fail.

The person needs to demonstrate that they can think broadly about the big picture and not talk technical but talk business.

It is challenging because other C-Suite members do not view CIOs as business people and may not welcome their views because of the CIOs' narrow perspective.

That is why business people are likely to do better.

If you talk technically to CEOs and C-Suite people you will be on the back foot. You will be branded and will not get a chance.

Having a business degree will be an advantage, spending time in other areas of the business would be a great advantage or understanding the drivers of the industry that your business is in will help you bring insights to the C-Suite team or the business in general.

Understanding the processes within the company is critical to understanding how the business works.

The repeated message was to broaden your business knowledge and become a generalist with a business focus.

QUESTION: Given that technology is practically everywhere these days do you think that the rest of the executive team should also try to expand their knowledge of Technology?

Panel There was a view that people should be moved around in roles. Not just IT people but non IT people into IT management roles to broaden their understanding of the IT issues. It is about different perspectives adding more value to the business.

A good understanding of IT by other C-Suite people was important but not the 'How' – only the 'What' of IT is important. The 'How' is constantly changing but the 'What' is the key driver.

Care must be taken not to let the wrong people loose on IT no matter how well meaning.

QUESTION: I see some of the panel members focused on hard metrics and yet in understanding the impact of disruptive technology how do you build a trusted relationship in IT?

For example when I walk into your office, what do you assess about me and whether I could be a trusted adviser or not?

Panel It is about how you present the arguments – is it in the context of the business? Is it negative or not? Are you solving the problem or transferring it? Are you in tune with the business?

The business needs to remain positive and viable and decisions around technology have to be made on what enhances the business and can be realised.

If you can demonstrate value through a process you can become a trusted advisor

Pitching the right way is critical and can be the difference between credibility and failure.

Assessing people on values is critical. Trust and professional respect is important and that is balanced by independent advice and risk management. You are building trust all the time with every interaction and it will come when you are focused on the strategy.

QUESTION: Why have we not moved forward in the past 10 years? It seems that things have not changed and the same things are being discussed today here as was discussed previously. I have not seen it get better yet?

Panel Look at the history of delivery over the past 10 years of any major project and you see poor performance and overruns.

There are only a small number of projects that have been delivered on time and on budget that have not been re-scoped and have not claimed any scalps along the way.

Boards and CEOs have to resort to doubling budgets and delivery time for projects at the approval stage just to mitigate the risk presented by IT. We collectively, including the CEO, have not been able to deliver the goods we promised.

QUESTION: It seems that the language has changed. Before it was about IT projects and now it is about business projects with a lot of IT in them. How do we get away from the IT project failure and focus on the business projects failure because that is what it seems to be?

One of the crucial aspects of a business is the culture of the organisation. Are the General Managers co-operating. If there is not a collaborative mindset then project failure will be blamed on the CIO. This is all the more reason for the CIO to position as a partner to the business.

Where the CIO and IT Managers report to the CFO all projects can be seen as an IT failure.

The challenge is to get people to work together and be selfless.

QUESTION: I am a management consultant in the hard engineering world around infrastructure. Recently we had a massive IT system failure.

The CEO organized a workshop with the IT Team. The Theme of the workshop was - What does this failure say about our organisation? The conclusion was that if the IT team executed the project separate from the organisation it would be on budget.

The only reason the estimate was wrong was that it was interfered with by the organisation.

So what does it say about the organisation and its culture? - The point being made earlier

Additionally, the people who were working on the project actually thought it was going to fail early on and were working on something they did not believe in.

If this happened on an IT project what does it tell us about the big infrastructure happening in the wider context? It turned out that this was a very powerful mindset shift to actually recognise that it was not their fault. It was part of the organisational culture which suppressed people from voicing doubts.

Panel The panel had experienced projects in a similar context. People should be encouraged to speak and voice their concerns. There needs to be a culture of listening and address issues.

Environments where people are crucified for speaking up can be ultimately destructive for the organisation.

QUESTION: It is interesting to understand why the Board has to be involved in a $10 million dollar IT Project?

Panel Boards are involved when they see risks to the company. This includes reputational risk for failing to question and provide the checks and balances to investment crucial to the business.

QUESTION: How much of the problem with overruns is the result of people trying to get their pet projects over the line? The budgets are shoehorned into the business case and there is no way possible that the budget is realistic and the project won't get over the line unless presented that way?

Panel There are two important points to make around projects.

1. Don't under estimate

Ensure that you have contingency on time and money and that you have a risk management profile of problems and obstacles to be overcome.

2. Be Brave

Develop those projects that give the organisation a chance to make a substantial difference to the business. There are examples out there. Do it with the resources you have available and test the concept. Do it with minimum expenditure and create proof of concept.

QUESTION: Do you think there should be more of a shift towards KPIs for senior management being targeted around that [project performance] rather than for a business case sign-off or a 'go live' date?

Panel CEOs are all about being measured so measurement should be the norm. Accountability is the key.

QUESTION: My question is really simple. Forget IT for a moment. What is something that has really worked from an execution point, not strategy, that you are proud of and why did that work as opposed to fail?

Panel The successful projects involved going to basic principles and understanding the customer drivers and what was negatively affecting them. Delivering a more streamlined process based on sound concepts. IT can then be applied where this can add value through automation or efficiencies in execution.

In other cases, it was structuring the strategy around ease of information access, automation of information gathering and reducing blocks and obstacles. This is where it starts and again is a reflection of strategy first IT later.

The examples presented lowered organisational costs; increased user value both in access and speed of service. This was where big gains were achieved.

QUESTION: In relation to the example of Skunk works how is do you support the innovation, and how do you open the channels up so that innovation can occur within the business to allow it to make the outcomes rather than the outputs that it needs?

Panel One of the approaches being adopted was the concept of intelligent failure. Half formed ideas are tested and if they offer clear positive outcomes they are formally developed further.

A lot has to do with culture and the acceptance of measured risk and not to crucify people who have failed.

Some may suggest that you could reward failure if it adds to the general understanding of the business opportunities.

QUESTION: I'm still interested in the panel's view on leadership. How can you develop people, those who are worth investing in, to be better leaders?

Panel Instigating mentoring programs throughout the organisation is a way to develop people and create leadership.

Training will always be part of that, however, it has more to do with strategic training than specific skill set training

MBA programs are part of the training especially focused on broadening the person from exposure to other industry leaders in various sectors. People are able to understand the challenges of each area so that they can learn and bring back insights to the organisation.

Some organisations invest heavily in building a high performance collaborative business culture including all levels of management in strategic development programs.

These programs have a specific strategic focus and again are not narrow skills based learning.

Continuous learning and improvement is part of the development culture.

Question: How then can anybody actually make that step up from the level down to be a CIO when they're competing with like a whole bunch of existing or former CIOs going for the same thing? What would make a candidate stand out to a CEO when recruiting someone who's going to take that step up rather than having that history of being CIO elsewhere?

Panel It is up to the organisations to build the best talent they have. To identify the people who will be the next leaders and develop these people for future roles. In that way, they will be prepared for the next role, hopefully, within the organisation.

It is the responsibility of the leader of the organisation to help identify and nurture the future talent; to see something in people. If the organisation is not providing that development, we would suggest you move on to where it is happening.

Also, you need to get out and network. Create the contacts in the industry as these may help you identify the opportunities that suit you.

Move out of your comfort zone and broaden your experience. Challenge yourself as opportunities present themselves and take them when they arrive.

At the conclusion of the event all participants were formally thanked, particularly the CEOs for making their time available and their valuable contribution.

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