



1. EXECUTIVE SUMMARY



OVERVIEW 1.1

CIO credibility is on the rise, judging by the outcomes of our 2008 Horizons study, which is based on responses to our annual CIO Connect membership survey, with additional input from a wide group of CIOs from around the world.

Leadership at the top of an organisation depends on relationships first and foremost, and the top CIO is spending 67% more of their time with their colleagues in the business compared to the rest, giving them a unique breadth of oversight of their organisation and an unparalleled and invaluable perspective in the current downturn. It is vital that these working relationships are strong and meaningful because, of all the executive functional heads, a credible CIO has the opportunity to become invaluable to their CEO.

Some 62% of all CIOs confirm that their executive peers have become increasingly aware of the unique perspectives the CIO can bring to the business, and in particular will look to them for insights and leadership on business change initiatives.

For 42% of CIO respondents, a key attribute associated with their role is the broad and informed view they contribute to their organisation's executive committee on business strategy and processes, coupled with a deep knowledge of how technology can help deliver business benefits.

CIOs are excellently placed to be able to build on their detailed knowledge of business and organisational practises, and change management processes. Past experiences with big transformational change programmes such as Enterprise Resources Planning implementation, makes a CIO a recognised expert in the fine-detail of business, from finance and sales reporting to aspects of human relations management and operations. The CIO has the broadest enterprise-wide view of operational business processes and activities, and is best placed to maximise the benefit in business of IS service delivery and technology-enabled change.

The role is pivotal when so much turbulence is expected. It is the CIO who will be helping interpret how their organisation best addresses the combined complexities of an economic downturn, the avoidance of disruption in any resulting organisational restructuring, the challenge of globalisation, and the sustained business and social changes that are being forecast for the coming years.

The Business of Executive Engagement

Our research shows that many CIOs are extremely well placed for leadership. Notably, we found:

1. Substantial numbers of CIOs already operate at the highest of levels of organisational leadership

“The challenge is how to get from good to great - changing the culture is an important part of it – to create a sustainable change that positions you as an innovator and leader in IT.”

2. There is strong evidence that the best CIOs have built good levels of engagement with other executives
3. CIOs are now collaborating more closely with the business in the areas of strategy formulation, operations planning and service delivery

In summary, we found that 80% of CIOs sit on one of their organisation’s principal executive or operating committees. One in five CIOs now operate at board level.

Consequentially, nearly 40% of CIO Connect’s respondents believe strongly that they understand fully how the latest organisational imperatives will impact on the business model, the company’s value proposition, and its approaches to customer or market segmentation. It is evidence that top CIOs operate with a strongly developed big-picture view of their organisations, and robustly think through various scenarios whilst developing business-shaping plans with their CxO colleagues.

Across a given working period, CIOs were found to be spending on average around 17% of their time in formal and informal discussions with the top executive and fellow CxOs. The focus for CIO discussions with the executive is:

- business strategy (for 55% of respondents)
- transformational change proposals (54%)
- issues of business profitability (39%)
- project briefings and programme status updates (39%)

The nature of interaction by the CIO is substantially strategic, and this is capitalised on through service delivery and technology project management.

Business level conversations are critical. Collectively, CIOs are now spending much more time outside the IT/IS function than in it, as they collaborate with project stakeholders and organisational leaders (spending 23% of their time on average, across a given business cycle), work to better understand customer requirements (11%), and negotiate and discuss how to fulfil their business strategy needs with service suppliers (11%).

The Strategy Behind the CIO Role

Our research indicates it is the individual’s own ambition and foresight that is pushing them towards a greater role on the business side. Notably, we found:

1. A majority of CIOs are developing a broader business remit and more of them view themselves as “strategic” leaders
2. Most can offer an important blend of insight into technology

- capabilities, plus business acumen and commercial awareness.
3. Successful CIOs are better at anticipating business change

The extent of this business focus becomes evident in the level of distinction among different CIOs about the role of the CIO. Some 45% of CIOs are developing a broader business remit and view themselves more as strategic leaders. For them, there is a conviction that the main role for the IS/IT organisations they lead should be as a business change agent. The other set take the line that their role is principally about developing and delivering new business applications (30%), or managing the delivery of enterprise IT services (20%). This suggests they focus specifically on directing and managing the technology side of the business, and have more of a task focus than a strategic focus on outcomes.

More of today's top CIOs are likely to be regarded as executive or consultative in their leadership style. Two-thirds of CIOs now claim a balance of experience that's shaped in equal measure in both technology and non-technology areas. They can offer an important blend of technology know-how and commercial awareness, gained outside of their current organisations. Some 80% of the top CIOs in our survey have broadened and enriched their leadership skills with cross-sector experience, moving from positions in financial services to media, from oil and gas to legal, from the entertainment industry to utilities, or hotel and catering to logistics companies.

Of these top CIOs, some seem to be more successful and are setting the benchmark for the high-performing CIO. They are acknowledged as being leaders in their field of endeavour, and it is these CIOs who are recognised as being leaders in their organisation. We refer to these as Vanguard CIOs. This Vanguard group display subtle differences in behaviour which is accelerating their influence within their organisations even further, setting the agenda for the future role of the CIO.

In the past there has been criticism that IS/IT has unable to satisfactorily anticipate the future needs of the business and slow to react to change. CIOs would argue that there are often unrealistic expectations and a lack of clarity about business needs. However, Vanguards have already started to address this area by improving their forward planning capability. Notably, when we explored how effectively CIOs are anticipating business change, we found more Vanguard CIOs strongly agreed that there is a need to carry out scenario planning exercises to test and prepare change alternatives. More Vanguard CIOs were also found to be using IT portfolio analysis to manage and prioritise future programme investments, and more Vanguard CIOs periodically carry out skills forecasts to check they can meet the likely future business demand.

The Secret of Successful Leadership

Our research concludes that to maintain and enhance their successes,

CIOs must always be mindful of the leadership behaviours they have developed and continue to perfect. Notably, we found:

1. Successful CIOs focus on being both an organisational leader and the leader of IS/IT
2. Strong CIOs cultivate strong teams and a strong personal brand for creating and delivering service excellence
3. Top CIOs seek to balance their time, and are able to work more closely with CxO peers on shaping the future for their organisations

We accept that there is no and can be no “cookie-cutter” pattern that defines a successful CIO, and no process that can be learned that will result in good leadership. To be successful, the CIO needs to be in tune with the needs of their organisation. But the role of the CIO should not be confused with that of the IT director, although the job titles are often used without sufficient distinction. On top of an ability to drive excellence in IS/IT service delivery, top CIOs will exhibit proficiency in programme management, process management, change management, and relationship management. This skills mix is less well developed among other executives, and it is this competency that allows the CIO to grasp better than any other CxO the complex principles of end-to-end business change.

In working with the business more CIOs are experiencing some of the front-line and customer-facing parts of their organisations, they are fostering strong relationship management skills, and building good levels of business knowledge in their IS/IT teams. Those that have invested time and effort in this way of working are seeing returns. Half of all CIOs think their teams demonstrate a strong level of consultative capability to the business and can act with certainty. A similar number believe the role of IS/IT is now considered to be deeply engrained and embedded into the organisational culture.

Delivering even basic services faultlessly is not easy and a strong team that delivers sustained IT service excellence needs to be supported by business measures and processes that drive this. We find that Vanguard CIOs work to develop a strong sense of “brand” for themselves and the IS/IT organisation they lead, and work to align the team’s activities to that brand. They are advocates of professional development, ensuring members of the team have everything they need to be able to play to their own strengths whilst collectively influencing and steering stakeholders, to drive change adoption and deliver benefits to the organisation.

CIOs must continually manage the balance of their time spent with members of the organisation. Vanguard CIOs spend 10% more of their time outside of IT than the rest. They recognise the importance of being personally involved, because success is about gaining consensus for change, making effective use of scenario-thinking opportunities, and working with CxO peers to shape their organisation’s future together.

1.2 KEY FINDINGS

Our study provides insights on how CIOs see themselves, in the context of the behaviours they demonstrate, their role in IS/IT leadership and in the broader aspects of their organisation's operations and objectives.

On their role and position in the organisation:

- The reporting line to the top is short: over 40% of CIOs report directly to the chief executive or equivalent, and 20% have a seat on the board of their companies
- CIOs are increasingly taking a broader, global outlook, with globalisation one of the top two agenda items for 50% of all CIOs in 2009. Some 50% of CIOs have a global IS/IT leadership remit
- Some 40% of CIOs believe themselves to be accomplished networkers, and think they are seen as someone who is really helping reshape the business/organisation. About 35% have developed relationships with executive search headhunters, and around 30% of CIOs currently earn in excess of £250,000

On their teams:

- Substantial numbers of CIOs (almost 45%) believe the main role for the IS/IT organisations they lead is as a business change agency
- An increased focus on business processes and process efficiency sets the scene for 2009, and for 72% of CIOs will have the most impact on the role and structure of their team in the coming 12 months
- When it comes to the competency of their IS/IT teams, process design and process management skills are marked down as 'weak', 'below average' or only 'fit for purpose' by virtually two-thirds of all CIOs. Infrastructure management skills are regarded as being strongest

On their expectations for 2009:

- Meeting executive demands for increased value (70%) and cost containment (45%) are regarded as a top agenda item for CIOs
- A majority of CIOs manage an average annual spend of between £10 million and £50 million, and 40% of all CIOs expect their budget to remain unchanged in 2009. Other CIOs are split as to how it will be revised for next year, with roughly 30% expecting an increase and 30% planning a cut. Around 25% expect that some form of outsourcing will figure in their plans

"I wanted to join an organisation where I could have more impact and an opportunity to influence the business."

- Almost 40% of CIOs will further rationalise the application portfolio by accelerating the retirement of legacy software assets and will continue specific cost reduction programmes around infrastructure platform consolidation, with extended use of techniques like virtualisation

On their challenges:

- Despite representing a small fraction of the total cost base of businesses, and despite the successes achieved by CIOs over the past few years, IT budgets remain a prime target for cost cutting during times of recession. Some 30% of CIOs are expecting budget cuts next year, with 40% forecasting flat or only a small uptick in spending. "Doing more with less" needs to be engrained into every aspect of the *modus operandi*
- Innovation is perceived as a low priority, and could represent a missed opportunity to show leadership during recession by demonstrating new aspects of value at a strategic level. CIOs do not seem to be taking any structured approach to innovation although one in five of all CIOs believes that more than anything else, the value they bring to their organisation is an ability to 'think out of the box' and a mindset that has them constantly on the look out for opportunities to innovate
- The unrealistic expectations of business stakeholders, and a lack of clarity about future business needs stand as the biggest barriers to more effective outcomes from executive engagement. One in eight CIOs strongly agrees that there is a need to carry out scenario planning exercises to test and prepare alternatives to their strategic plans