

# Creating the CIO Executive Success Cycle



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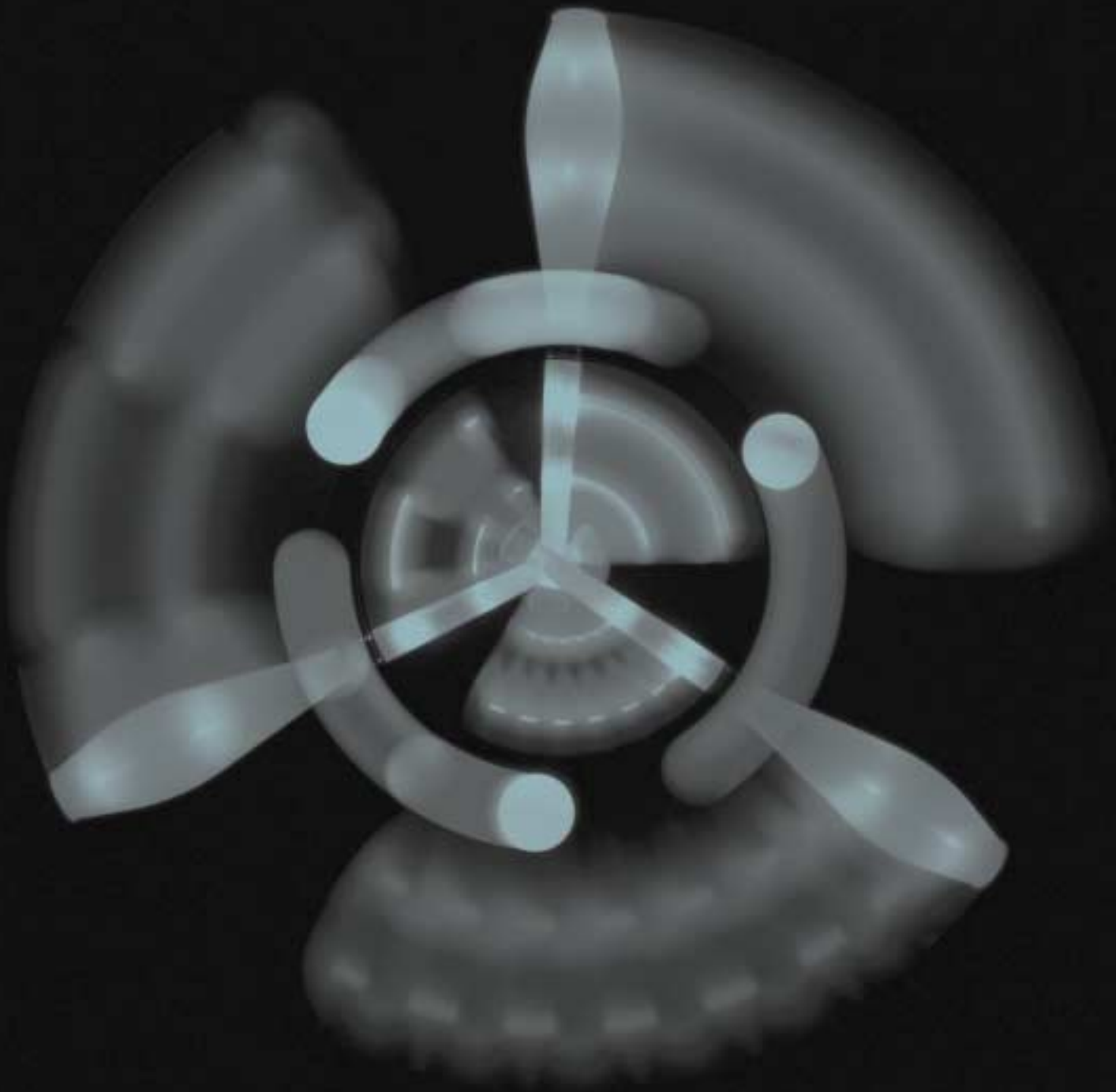
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**Creating the CIO  
Executive Success  
Cycle**

**october 2001**



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## foreword

Effective CIOs work closely with their executive colleagues. They're part of the executive team setting the agenda for their enterprises. Their leadership agenda intertwines both personal and business performance. Yet it is difficult to set, especially in the face of newly competing pressures and tensions.

How do effective CIOs work with their executive colleagues to set their leadership agenda? To answer this, we interviewed 30 leading IT executives from around the world. More than 70 percent are members of their enterprises' executive team. These CIOs and the EXP global team have identified what we've called, the CIO executive success cycle.

*Creating the CIO Executive Success Cycle* was prepared by a joint team of Gartner Executive Programs (EXP) team members and Korn Ferry Practice leaders. The project was led by Andrew Rowsell-Jones (Gartner EXP research director), Marianne Broadbent (Gartner EXP group vice president and head of research) and Mark Lelliott (Korn Ferry International's head of Technology Officers Practice, Asia Pacific).

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The authors would especially like to thank the following business executives that contributed to our research. Each of these executives provided valuable insights. Though not possible to quote them individually, their collective contributions provided the basis for the CIO executive success cycle.

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## Executive summary

Effective CIOs have a leadership agenda that prioritizes delivering business performance. But that agenda is hard to set in the face of newly competing pressures and tensions. The CIO executive success cycle can be used to set and reset their leadership agendas.

### The CIO's leadership agenda is critical

IT is critical to enterprise performance and delivering business value. Yet much depends on the leadership agenda of the executive responsible for IS – whether a business executive, IT director or chief information officer. For simplicity we adopt “CIO” as the generic title for this executive. CIOs usually operate across the whole enterprise, so have to take a “helicopter view,” knowing how pieces of the business fit together. This cross-enterprise perspective can spot new solutions to old problems and can see new opportunities for existing ideas.

Your leadership agenda determines how successfully you can fuse business and IT to deliver business outcomes. Business priorities are volatile, which makes achieving continuity a challenge for longer term IT investments. CIOs are under pressure to run IS as a professional service business with clear costs and outcomes. Striking the correct balance between delivering short-term functionality and long-term architecture is both challenging and critical to business success.

The major compulsory IS requirements, such as Y2K and the euro, are complete. Now there is a rich variety of business possibilities, creating new IT-enabled products and services, “living on the Web,” presenting a unified view to the customer, linking processes to suppliers, anticipating the impact of converging technologies or building an e-enabled infrastructure for the business.

Each of these requires the confidence of the executive team and a clear agenda. We refer to this as the CIO's executive leadership agenda – the agenda to assess what must be done, to garner support and to ensure you have the resources to achieve it.

The CIO executive leadership agenda is difficult to set in the face of new competing pressures and tensions. There are many possible trade-offs, forces competing for attention, and internal and external pressures pulling in different directions.

To help answer the question of how effective CIOs set their executive leadership agendas, we studied 30 leading executives responsible for IT from around the world. We looked at existing leadership practices and reviewed the insights and experiences of EXP team members.

### CIOs COME IN MANY SHAPES AND SIZES

Some CIOs are responsible for both the demand and supply side of IS: shaping and managing informed expectations of their executives and delivering cost-effective and efficient services. Others are responsible for demand only or supply only. (See EXP Premier report *Leading through tough times: CIO Agendas 2001*.) This report acknowledges that the majority of CIOs are responsible for the demand and supply side and so takes these combined responsibilities as its starting point.

### ARE THEY REALLY “HABITS”?

This report describes the CIO executive success cycle as four “habits.” Are they really habits? Yes, they are. The CIOs interviewed do have a “tendency or disposition” to shape demand, set expectations, deliver and lead. They do this deliberately, consistently and in an informed way.

### WHY IS THE CIO'S EXECUTIVE LEADERSHIP AGENDA IMPORTANT?

The executive leadership agenda takes the personal perspective of the CIO – how to achieve the heart and mind-share of the executive so that you can deliver on business-driven IT strategy or a truly IT-enabled business. The CIO leadership agenda underpins close integration of the business and IS organization. CIOs are involved in far reaching organizational decisions and have a different relationship with stakeholders from that held by the IS organization as a whole. Our research has identified the CIO executive success cycle as the process employed by effective CIOs.

### Effective CIOs have four habits

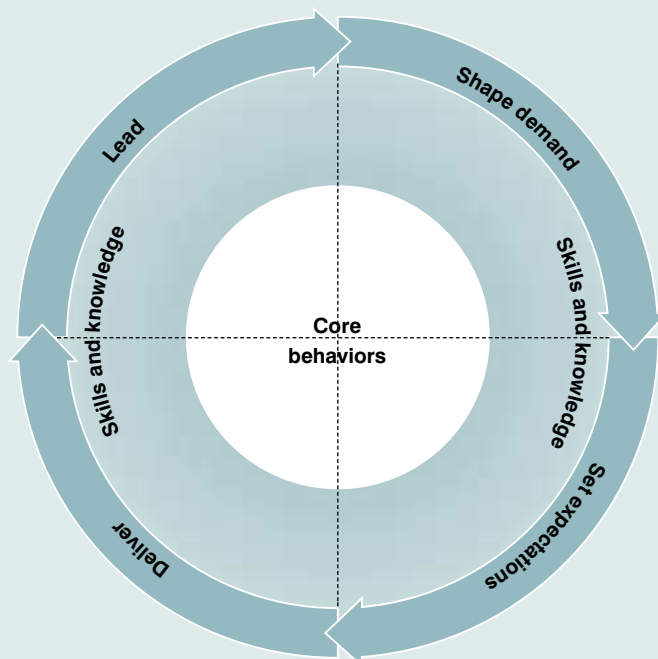
Effective CIOs use a success cycle to set and continuously reset their executive leadership agenda. This CIO executive success cycle has four parts, each representing a “habit” seen in successful CIOs:

- Shape demand
- Set expectations
- Deliver
- Lead

Although no single individual has all four habits in full measure, effective CIOs possess each one to some degree.

Each habit has a set of core behaviors, such as, when negotiating with your executive peers, always negotiate win/win. These are tempered by the application of skills and knowledge. For example, your negotiating position will be impacted by your understanding of how your enterprise functions and what your IS suppliers are capable of delivering.

Effective CIOs set up a CIO executive success cycle to set and reset their leadership agenda

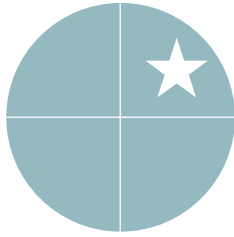


Although the four habits in the figure are shown as a sequence, in the real world they are not necessarily sequential. They are applied as dictated by circumstance. Nonetheless they are a cycle. Success in one habit can build on your abilities in another – just as failure in one area undermines performance in another.

Successful CIOs traverse this cycle constantly building trust, garnering support and expanding their area of responsibility as they go. A CIO new to an enterprise may only be able to work their way around this cycle slowly, limited by the rate they can create relationships and build mutual understanding. An “old hand” may be able to flash around the cycle at dazzling speed.

#### FOUR HABITS OF EFFECTIVE CIOs

- **Habit 1 – SHAPE DEMAND.** You need to position yourself so that you can help shape demand. Having access to the top gives you the best vantage point to see the big picture and hear what’s needed to meet enterprise strategic objectives. Successful CIOs position themselves as part of the top organizational structure so they are engaged in discussions about mission-critical developments.
- **Habit 2 – SET EXPECTATIONS.** Once you understand the demand, you need to negotiate delivering it. But such negotiations are tricky. You can’t risk breaking an important relationship, nor can you risk committing to something that can’t be done. You need to know what’s possible, clarify trade-offs, and negotiate hard without souring relationships.
- **Habit 3 – DELIVER.** All the interviewed CIOs emphasized, “What’s expected of a CIO is to deliver, deliver, deliver.” If you don’t deliver on your promises, you’re not going to be given a chance to participate in strategy setting. To deliver in fast-paced times you need to address shifting business needs by fostering partnerships and using architectures and tight timetables to change how IS performs.
- **Habit 4 – LEAD.** As CIO, you have a unique perspective across the enterprise – to spot opportunities and to solve business problems. Positional power makes CIOs head of the IS group and often related functions but doesn’t give them the right to be IS leader for the whole enterprise. CIOs need to earn that right by demonstrating qualities of leadership and learning to lead from the back when it comes to dealing with fellow executives.



HABIT 1

# Shape demand

**Position yourself so that you can anticipate and influence business needs and what is expected of you by your peers, subordinates, management and business partners.**

### Position yourself to see what's needed

Effective CIOs actively position themselves so they can have real input. This means maximizing your exposure to the top executives. To build their trust, garner their support and wield influence, you must “know the business of your business” and engage with the executive team at an enterprise or business-wide level.

### Skills and knowledge: know the business

Knowing your business allows you to recognize what is and isn't critical to business performance – what will make a difference and what doesn't matter.

Easy to say, hard to do. To know your enterprise well, you need ongoing intelligence gathering aimed at understanding the evolving needs of your enterprise. Sources for this intelligence include key decision makers, customers, suppliers (especially those that supply competitors), staff you have hired from competitors, analyst reports and many public sources. But what are you looking for?

### Understand business fundamentals

It is imperative to have conversations with your fellow executives in a language they understand and about things that they care about. You need to know how your executive colleagues are rewarded. For listed entities for example, the most senior executive rewards are usually related to share price and overall profitability or market growth. As you move through the organization, people are rewarded for more operational achievements.

#### HABIT 1: SHAPE DEMAND

*Skills and knowledge: know the business*

- Understand business fundamentals
- Identify key business cycles and investment climate

*Core behavior: engage key decision makers*

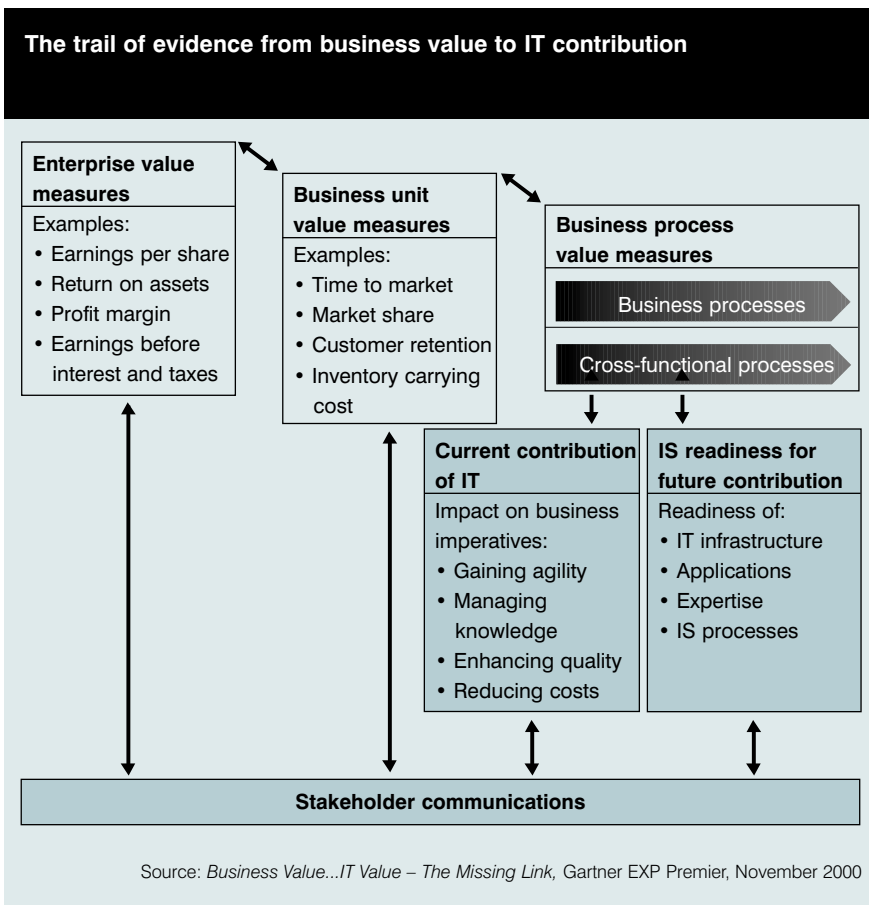
- Exploit the CIO's unique position
- Know the executives as individuals

Most shareholders are familiar with enterprise-level measures of business performance such as earnings per share, return on assets and profit margins. Board members and senior executives tend to focus on these top-level value measures because they are used to rate corporate success and so influence share price.

The business value of IS investments are eventually linked with these enterprise-level measures. This is usually done using multiple business unit value measures and assessing enterprise-wide enabling infrastructure capability. That said, some enterprises can develop more direct measures because of their business types.

Financial and operational performance measures can be linked to IT indicators by creating a trail of evidence, starting with key financial and business operating measures. The figure below, from the recent Gartner EXP report *Business Value ... IT Value – The Missing Link*, illustrates how it is possible to chart a trail from business measures through to IT performance indicators.

Executives in most large organizations with multiple lines of business tend to look at business-unit level performance rather than enterprise-level performance. Enterprise-level value measures often mask important performance differences amongst business units.



“Know the numbers. Nothing clever, just current revenue, EBIT, share price, market share, that kind of stuff. And how the numbers are trending and how they compare to your competitors. Business managers live and die by these numbers. CIOs must know them and what they mean.”

**Roger Woolfe, EXP Program vice president and research director  
(United Kingdom)**

At business-unit level, there are four business imperatives: gaining agility, managing knowledge, enhancing quality and reducing cost. IS's contribution of value in each area can be linked to its support for business and cross-functional processes (such as Finance and HR).

**Identify the key business cycles and investment climate**

Effective CIOs know the rhythm of the businesses they are in.

Businesses have a natural beat at which things get done. This often varies between business units but understanding the different rhythms helps explain why business events and developments happen when they do.

For example, one CIO described working in a brewing company. This brewer had a business rhythm with a monthly cycle. It billed customers monthly. It also had an annual business cycle as it progressively ramped up production for the hotter months of the year. When talking with other executives, it was important to know where in the cycle you were and how far out the executives were looking. Needless to say it became difficult to make change or seek input at critical points in the business cycle.

On the other hand a retailer may have a different cycle altogether. Daily sales numbers are critical so a daily cycle of “what did I sell today” develops. Overlaid on this is a weekly business cycle that juggles discounts, to sell on Monday, what didn't sell over the weekend. Overlaid on this again is a third cycle of Christmas and summer peaks with fall and spring collections. As CIO, you must remain sensitive to where in its business cycle the enterprise is.

At the same time, the investment climate can shift dramatically based on business performance indicators. For example, the current economic downturn affecting many economies might disturb the business rhythm. Over time the opportunities for aggressive or risky investments might be curtailed.

Where CIOs are acutely aware of the real economic and market situation of their business they can act proactively to shift priorities and resources – and be seen to do so. The business and IT investment climates are intertwined, and effective CIOs are empathetic to where the business is. They are well synchronized with both business cycles and investment climates.

### Core behavior: engage with key decision makers

It's not enough to merely know the business. You have to demonstrate that you understand it so your executive colleagues can perceive that you do. Your objective is to act and prioritize based on what the business really needs, even if this is only partially articulated or just emerging.

#### Exploit the CIO's unique position

CIOs are in a near-unique position. They have the mandate and responsibility to look across the enterprise and spot new opportunities and new solutions to business problems that may be missed by fellow executives. This "helicopter view" provides a unique perspective of the business. Other executives, often by the nature of their area of responsibility, tend to focus on their specific business area. Very few executives have a real grasp of how all the pieces of the business jigsaw fit together. CIOs can use their unique position to engage closely with executive colleagues and key decision makers.

A number of ways to engage emerged from the interviews:

- Look for opportunities to support your peers and to exercise your business judgment. For example, match your direct reports with your executive colleagues to assist them as coaches in any IT-related discussions they might need to have.
- Volunteer for assignments that will demonstrate your deep business perspective. If a new CEO or CFO is appointed and wants to review each part of the business in turn, offer to go first. In that way you are seen as supporting the new business agenda and will get to shape how the review is done.
- Have a clear understanding of the key people you need to influence and find ways to support them. This might mean delivering an operational system to improve cost performance or even putting a broadband service in the chairman's home. The importance of the personal touch cannot be overestimated.

"In government you need to stay in a job at least three years to really have an impact because major billion dollar projects take longer to implement," says Jim Flyzik, Acting Assistant Secretary for Management and CIO at the U.S. Department of the Treasury.

By comparison, Cassandra Matthews, recently arrived as CIO of the large Australian-based resources company BHP, says, "It's around the world in 90 days and then a merger," as BHP became BHP Billiton.

"Convince them that you are a business person too, like them."

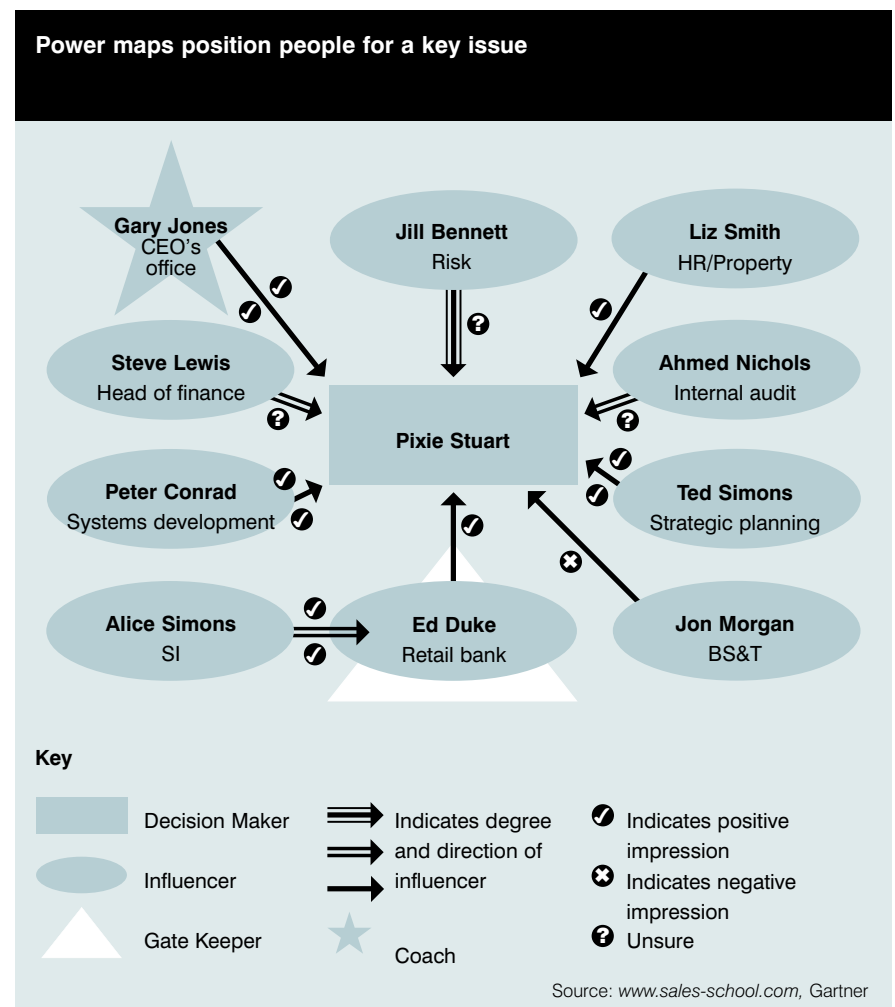
**Claudio Vivian, CIO Grupo Nacional Provincial**

Conduct frequent peer reviews and set up formal and informal channels to get feedback and business intelligence. Create a network of trusted people around the enterprise to keep you informed about what's happening. Have a good relationship person in each business to obtain intelligence about your customers. CIOs who have not built a strong relationship with the business by the last stage of a major development project might well be considered just another supplier.

**Know the executives as an individual**

But how do you interact as a team? Who are the key decision makers and how can you influence them? It is critical to know the executive as an individual. One way to start is to recruit an internal mentor – if possible, a senior business executive who knows the individual executives involved. This mentor or coach can then open doors for you.

Some CIOs use techniques such as a power map to depict key decision makers and their disposition. In a power map you categorize individuals as being positive (they support something), negative (they oppose something), decision maker, recommender, or gatekeeper. (See figure below.)



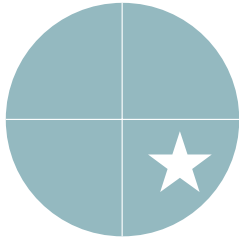
Other CIOs advocate building strong one-on-one relationships with the people you are negotiating with so you can hammer out all the wrinkles before formal negotiations actually take place. It's similar to how the caucus of a political party operates, or how international agreements are developed. In these pre-meetings, you need to be part educator, part mentor, part lobbyist – and always a colleague – so that others can make an informed decision about what is needed and can help you fill out the map.

### **In summary – shape demand**

Effective CIOs anticipate what is needed and build bridges throughout enterprises so they can influence what's being added to their leadership agenda. Do this and you can help shape demand. But there are often many expectations about the scope of requests. What is reasonable to commit to? How should expectations be expressed? What negotiation options are possible? How should negotiations be conducted? These questions are addressed by the next habit – setting expectations.

*“Inundate them with quick win projects that make their lives easier. Even if it means going to their house and installing broadband and getting a new PC for their desk.”*

**Steve Beason, CIO Hong Kong Jockey Club**



HABIT 2

Set expectations

Don't commit to what you can't deliver – and stop your IS staff from doing so, too. Set expectations by negotiating what is reasonable, given what is possible.

**Promise what's possible**

Setting expectations can be tricky. You don't want to risk an important relationship – but neither do you want to commit to something that can't be done. CIOs need to know how to negotiate without souring relationships. And they need to know how to analyze supply, and communicate their findings to their executive colleagues, so that everyone knows what's possible, and informed trade-offs can be made.

**Skills and knowledge: identify trade-offs**

To identify trade-offs you need to communicate IS's capacity to manage and deliver IS services. Then you need to agree on architectural design needs.

- **Understand IS's capacity to manage and deliver.** The capacity of IS to deliver services and manage external services is impacted by expertise availability, process maturity, infrastructure capability and applications characteristics.

**HABIT 2: SET EXPECTATIONS**

*Skills and knowledge: identify trade-offs*

- Understand IS's capacity to manage and deliver
- Agree on architectural design trade-offs

*Core behavior: negotiate win/win*

- Keep the dialog open
- Make negotiation part of your everyday life
- Ensure a common set of expectations

"You have to go to 30,000 feet and take a look at the whole business and mark out a small number of key projects. Too much and you can't deliver. Too little and people wonder what you're doing."

**Les Graney, CIO Consignia/The British Post Office**

- **Agree on architectural design trade-offs.** Architectures are becoming an executive issue, not just a technical issue. Architectures are based on underlying design needs that must be discussed before the enterprise can design the appropriate IT architectures.

#### **Understand IS's capacity to manage and deliver**

Today, IS organizations can rarely meet all the business needs on their own. Increasingly they must complement their capabilities with external sources. As a result, the service industry is growing into a richly populated universe of suppliers. Executives must understand that their IS organizations are in transition from being a direct supplier of services to being a broker of services.

“One hundred percent of respondents to a recent Gartner Dataquest CIO survey, indicated they could no longer provide services entirely from within their in-house IS.”

***Strategic Sourcing: Brokering Business Value, 22 February 2001,***  
**Linda Cohen, managing vice president of research, Gartner**

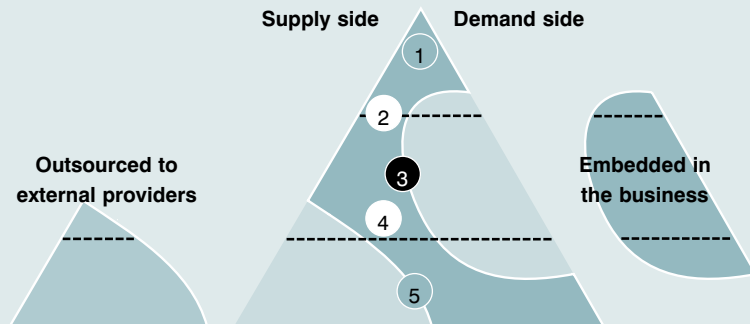
All external service providers, no matter what their niche or capability need management – and that management can only come from inside the enterprise. This gives rise to the critical question. “What is the capacity of your in-house IS executives to both manage external suppliers and deliver directly?”

Capacity depends on four factors:

- **Expertise availability.** IS's access to internal and external resources, with the necessary competencies.  
 A major concern for many enterprises is having the right expertise readily available, such as staff with the right skills to undertake, and then support, new initiatives. As described in Gartner's recent EXP Club Report *Evolving Competencies for IS Lite* five core roles within IS are emerging: IT leadership, architecture development, business enhancement, technology advancement and vendor management. Assessing the readiness of your IS organization should focus on the competencies in these five areas. (See figure opposite)
- **Process maturity.** The maturity of your IS processes and their ability to perform consistently and reliably.

### Assessing availability of expertise using IS Lite framework

- |                            |                                  |
|----------------------------|----------------------------------|
| 1 IT Leadership            | ● Serious short fall anticipated |
| 2 Architecture development | ● Know how to acquire resources  |
| 3 Business enhancement     | ● Resources available            |
| 4 Technology advancement   |                                  |
| 5 Vendor management        |                                  |



Source: *Business Value... IT Value - The Missing Link*, Gartner EXP Premier, November 2000, and *Evolving Competencies for IS Lite*, Gartner EXP Club, September 2000

In every enterprise, the professionalism of IS staff and the processes they follow impacts the efficiency and repeatability of delivering IT services. The more mature the IS organization, the more efficient and repeatable the processes. One measure of process maturity is the Capability Maturity Model (CMM) developed by the Software Engineering Institute ([www.sei.cmu.edu/sei-home.html](http://www.sei.cmu.edu/sei-home.html)) and used in Gartner's recent EXP Premier Report, *Business Value ... IT Value – The Missing Link*. CMM assesses an enterprise's IS processes and identifies ways to improve them.

- **Infrastructure capability.** The reach and range of the IT infrastructure services.

The concept of reach and range, (first proposed by Peter Keen in *Shaping the Future: Business Design Through Information Technology*), describes the business scope of an enterprises' IT infrastructure. Reach refers to the locations and the people the infrastructure is capable of connecting. It can extend from a single location to the ultimate level of connecting to anyone, anywhere. Range refers to functionality in terms of business activities. It answers the question, "What business activities can be completed and shared automatically and seamlessly across every level of reach?"

- **Applications characteristics.** The flexibility and scalability of your applications.

Two important features of IT applications today are their flexibility and scalability. These characteristics indicate whether your portfolio will be easy or difficult to change over time and which applications lock your enterprise into current ways of working and may need replacement. Enterprises have used this method to color-code their applications – green (is OK) to red (needs replacement).

The EXP Report *Business Value ... IT; The Missing Link*, describes how to assess these four IS delivery capabilities.

### **Agree architectural design trade-offs**

Architecture is becoming an executive issue. A key trend is the elevation of architecture to the executive suite because it is required for real e-enablement.

Business models and the business “architectures” are changing. IT architecture is becoming a corner stone of new business architectures. This increases the complexity of IT architectural considerations.

The executive decisions surrounding business models and business architectures must be *informed*. That is, executives need to understand the implication of their decisions – both implicit and explicit – across the business. And they must understand most of their business decisions now have IT implications. In fact, their decisions increasingly impact the design of IT architectures.

Effective CIOs address this issue by discussing architectural needs of business programs rather than leaping immediately into technical considerations.

The notion of design needs is explored in the EXP Club Report *The Quest for E-enabling Architectures*. A useful starting point is the thirteen sets of architecture design needs described in two broad categories – inside-out design needs (looking from inside the enterprise to the outside world), and outside-in design needs (looking from the customer or supplier back into the enterprise). Each design need requires a trade-off for the enterprise, and these trade-offs are best made by business executives, not technical staff.

Inside-out design needs address internal operational issues of implementing and operating e-enablement. These are areas consumers probably should not see and have no need to know about, such as level of security, and whether the enterprise needs to handle largely static or dynamic content. Outside-in design needs take customers’ viewpoints and address how the enterprise wants to be seen externally. Examples include the need for branding consistency, private labeling, and the level of “ever greenness” (keeping the Web site fresh and up-to-date).

## CLARIFY TRADE-OFFS IN ARCHITECTURAL NEEDS

*Design need 1. "Simultaneously handle static and dynamic content"*

To achieve the fast performance needed by global-centric e-services, content must be categorized as either relatively static or dynamic. The two have different design requirements, so they may require different architectures. Most Web front-ends to e-enabled enterprises handle fast-changing transactional components as well as fairly static product and enterprise content. Web site screens may be assembled from both, while making transactions appear seamless. E-enablement architectures need executive-level decisions about which functions are needed, in which form, from which locations, at what cost and at what time.

*Design need 2. "Provide high security"*

A prime goal in many enterprises is to provide high security while achieving acceptable performance and ease of access – not an easy balancing act. Security needs can vary so significantly and be so critical to e-enablement, that they dominate systems design. Some enterprises separate applications, customers, or transactions that require high security – rather than try to accommodate conflicting needs within the same architecture. The major issue in security is that it is no longer possible to draw a perimeter around an enterprise and say, "We will protect everything inside." Enterprises – and their executives – need to decide on the desired level of security, balancing other considerations.

Source: Adapted from B.J. Rogow and B. McNurlin, *The Quest for E-Enabling Architectures*, EXP Club Report, October 2000

The thirteen design needs are listed over the page. Two examples of these design needs are shown in the breakout. These design needs indicate the type of trade-offs that executive teams need to be aware of and are essential in the CIO's task of setting expectations. There are different levels of investment too, for how the enterprise wants to deal with each trade-off.

## Core behavior: negotiate win/win

There is no shortage of demand for either CIO time and/or work by the IS organization. But these demands need to be turned into informed and realistic expectations. Expectations can be set through discussion, which take the form of "negotiations." But even then, there is ample scope for misunderstandings. So in addition to negotiating well, you must ensure that expectations are clearly understood by both sides.

### Keep the dialog open

If you are like most CIOs, you are an experienced negotiator with your suppliers. But when negotiating with executive colleagues or the CEO, it's different. For one thing, you may be seen as a service provider yourself. Couple this with a growing expectation for professionalism and agreeing reasonable internal expectations becomes a more complex process.

The message from our CIOs is clear. Negotiation with peers and the CEO is part of an ongoing process, not a single event. See each negotiation in light of previous and future negotiations. For this reason, make these negotiations win/win. As one CIO commented, "Seek trade-offs and compromise but keep the process of negotiating alive until a satisfactory result is agreed." Anything other than win/win may lead to a temporary victory at the price of losing the war – or even touching off a future conflict.

### Make negotiation part of your everyday life

Our CIOs offered practical negotiation suggestions. "Don't be time boxed. Be cognizant that conditions being negotiated encompass hard deliverables and tenuous promises of future support. Enlightened self-interest and mutuality, power blocks and support for the hierarchy all impact the outcome."

"Because of the lead times in developing and evolving systems, of necessity, IS has to look a little bit further down the road, seeing what the possible future business models might be. But being too pure about that is not very helpful. You have to make pragmatic, business-led decisions."

**Malcolm Mitchell, CIO of Vodafone U.K.**

**Identify the trade-offs in architecture design needs**

<p><b>Inside-out – looks outward from the enterprise</b></p>	<p><b>Outside-in – how the enterprise wants to be seen by consumers</b></p>
<p><b>1. Simultaneously handle static and dynamic content</b> To achieve the performance needed by global-centric e-services, content must now be categorized as either static or dynamic. The two have different design requirements.</p>	<p><b>8. Branding consistency</b> Some enterprises want a consistent treatment, style look-and-feel across all their offerings and channels. Customer relationship management (CRM) also needs to be consistent and unified across all channels and points of customer interaction. This leads to the notion of branding consistency.</p>
<p><b>2. Support selling or bidding</b> Some companies take an active approach to e-business by selling via the Web; others take an opportunistic or bid approach. Executives need to decide which approach they will take because the two have different design needs, which will lead to different architectures.</p>	<p><b>9. Private labeling</b> Private labeling is where an enterprise wholesales a generic e-service to other enterprises, which simply affix their private-label brand to the service. This need is at the heart of the e-service premise. Increasingly, application service providers (ASP) are using this business model.</p>
<p><b>3. Provide high security</b> Security needs can differ so significantly and be so critical to e-enablement, that they dominate systems design. Some enterprises separate applications, customers, or transactions that require high security – rather than try to accommodate conflicting needs within the same architecture.</p>	<p><b>10. One face to the world</b> Many companies want their Web site or e-service to appear as a cohesive whole, with all buttons and options appearing to belong to them. In short, they want to present one face to the world. Behind the scenes however, at least some of the products, information and services come from others.</p>
<p><b>4. Provide high performance</b> For some enterprises performance is the key design need. To accommodate ultra-heavy transaction requirements, enterprises separate performance-critical components of their e-enablement.</p>	<p><b>11. Aesthetically pleasing</b> For some enterprises, the aesthetics or elegance of the Web site is more important than the content. Entertainment sites for example, want to include sound, graphics, full-motion video, animation and split screens. Aesthetic goals influence e-service needs and the required architectures.</p>
<p><b>5. Accommodate complex real-time transactions</b> In e-enablement, complex, real-time transactions will be the norm. At some point of complexity, today's event-driven message-based architectures will break down because they become overwhelmed and unable to adequately sort out priorities and interdependencies. This will lead to the evolution of interrupt-driven architectures.</p>	<p><b>12. "Ever greenness"</b> One of the most important design needs is to keep an e-service up to date. The subject can be complex enough to require both technical and business design goals.</p>
<p><b>6. Build in operational soundness</b> As Web sites become the workhorses for conducting commerce, they need to be designed around their operational realities. Web sites and e-services need to be designed with operational considerations as part of their design objectives.</p>	<p><b>13. Trustworthiness</b> Architectural design objectives have generally been enterprise-centric – protecting the enterprise from outsiders or presenting one face to the outside. But in the consumer-centric, networked e-economy, an important design need is for the whole supply-chain to be seen as trustworthy.</p>
<p><b>7. Simplify each computing tier</b> Three-tier architecture was central to architecture considerations in the 1990's. Tier 1 was the client, tier 2 the application server and tier 3 the enterprise server. E-enablement may need more tiers. Two possibilities are a fourth tier to support wireless and a fifth to support business partners.</p>	

Source: Adapted from B.J. Rogow and B. McNurlin, *The Quest for E-Enabling Architectures*, EXP Club Report, October 2000

“We cannot be ‘Mr Nice Guy’ always. In good times or in bad, we must be objective. This means everyone must be clear on how the project objectively is going to help the business. The clients [of IS] must understand that projects are not IT projects, [but that] the projects belong to the company.”

**Evandro Canabrava, Director IS/IT, Amazônia e Telemig Celular**

### **Ensure a common set of expectations**

But what about the outcome of these negotiations? You have an agreement to do something – to help deliver some change or to develop a new market. But what have you actually agreed? What are the CEO and executive peers’ understanding of the agreement? What are their expectations of you?

Most of us have a hard time being explicit – after all, so much of our behavior is not explained nor our reasoning articulated. For example, when we buy a car we assume it has seats and a steering wheel – even though we didn’t specify them.

Yet for IS, the situation is more complex. Few negotiated things have a single dimension – with a car, it was price. Few are repeat purchases so line executives can’t ask for a system like you just delivered to marketing, but with some added features.

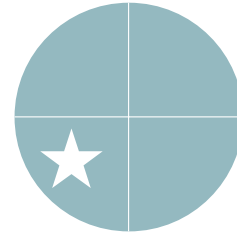
CIOs who work well with their executive colleagues recommend using their one-to-one relationship networks and organizational antenna to sense-and-respond to expectations. In the words of one CIO, “The active part of expectations management is at least as important as the process of agenda-setting in the first place.” Your antenna should tell you early if expectations and delivery are diverging.

### **In summary – set expectations**

Effective CIOs approach negotiating as a win/win endeavor, making commitments based on clearly understanding what’s possible. This is the way for CIOs to set expectations they can truly deliver on. Setting informed and reasonable expectations involves closely interacting with many interested parties. For your IS group – and your demand-supply CIO to have ongoing credibility, you must deliver good performance. But how should these very close interactions be conducted? How can you improve the delivery performance of your IS organization? These questions are addressed by the next habit – deliver.

## HABIT 3

# Deliver



## Architecture and fast delivery walk hand-in-hand – but they require careful organization and good partnerships.

### Architecture and demanding time frames facilitate quick delivery

All interviewed CIOs said that CIOs are expected to “deliver, deliver, deliver.” If CIOs don’t deliver on promises, their involvement at the executive level dissipates. CIOs need to address shifting business needs through partnerships and use architectures and demanding time frames to change the way IS performs and how executives think about delivery.

As Jane Treadwell, CIO of the large Australian Government enterprise Centrelink says, “We must deliver today, everyday and at the same time transform the experiences of customers, staff and partners to secure the future for today and beyond.”

### Skills and knowledge: use architectures and demanding time frames to drive delivery

Sustainable long-term delivery needs a considered approach to implementing IT architectures. Yet architectures are usually seen to slow delivery not speed it. Executive-level CIOs understand and communicate the interrelationship between business and technology architectures. Effective CIOs combine architectures and demanding timetables to improve delivery performance.

### Use architecture to drive change in executives and in IS

“We are all familiar with architecture – it’s the excuse used to stop us doing what we should be doing.” Anon.

We have all heard similar quotes. If the traditional definition of architecture is correct – as the structure and design of everything that

#### HABIT 3: DELIVER

Skills and knowledge: use architectures and demanding time frames to drive delivery

- Use architecture to drive change in executives and in IS
- Set demanding timetables to drive value delivery

Core behavior: use partnering to facilitate delivery

- Use partnering to make successful delivery more likely
- Get the prerequisites in place for a successful partnership

relates to the way hardware, applications and data sit together – it would place a heavy hand on the collar of IS and be valueless to business executives. Architectures would be nothing more than lists, constraining freedom of action and creating the excuse for budget overruns.

Executive level CIOs see IT architectures differently. As we have already seen in “Habit 2: Identify trade-offs,” discussing the design needs of architectures can lead to more informed decision making by business executives. Architectures also play a role in the CIO executive agenda-setting process. A new way of seeing architecture is emerging.

“Architecture is now an investment in process, technology and interface standards for the purpose of improving the organization’s capabilities or reducing the cost of IS development and operations.”

**Recent Gartner research, *What Do IT Architects Do?*  
by Nick Jones and Simon Mingay**

Seen as a change management tool, architectures can be used not only to help executives understand the implications of IT delivery decisions, but also to professionalize the IS group. IS attention to architecture improves execution discipline. And disciplined execution leads to more consistent, professional activity and ensures timely delivery by IS. Making explicit architectural trade-offs between future and current requirements improves executive governance.

**Set demanding timetables to drive value delivery**

As part of setting their leadership agendas, executive CIOs take a clear approach to time frames. They achieve shorter milestones by “chunking” programs and projects into bits that can be delivered every 90 days. This change requires re-educating the executives whose business needs are being addressed by these IS initiatives. They must become comfortable with a series of small changes every three months or so. As one CIO commented, “Prioritize the things the key business executives value and make sure they get delivered. Avoid three year projects.”

Roy Dunbar, CIO of Eli Lilly, advises: “Target 90 to 180 days maximum for customer-usable deliverables from IT. Keep the momentum going. Understand how technology drives value and talk value creation. Do things in 90 days or less.” The idea is to score “some runs” by satisfying critical needs while maintaining momentum within IS.

“I have found that working in 90-day cycles really helps, especially when you move into a new position in a new organization. A short delivery cycle establishes a sense of urgency in the new organization. This is how I worked after I arrived at BHP, the Australian headquartered global resources company, as CIO. We ended up calling this process Sprint,” says Cassandra Matthews, CIO of the large Australia-based resources company, BHP Billiton.

### **Core behavior: use partnering to facilitate delivery**

Executive level CIOs see partnering as essential in setting and delivering their agendas. An effective CIO must be able to partner with the business, according to Evandro Canabrava, Director of IS/IT of the Brazilian company, Amazônia e Telemig Celular. He says, “As an internal vendor we must act like a partner – give a lot of attention and care to our internal clients.”

#### **Use partnering to make successful delivery more likely**

The difference between a partnership and a supplier/customer relationship is the amount of shared responsibility for success and failure. Partners are allies who carry a joint responsibility. Each incurs liability for losses and shares the benefits when successful.

Shared responsibility implies convergence of goals. In successful partnerships, partners share values and objectives, yet have distinct competencies that make the partnership greater than the sum of the individuals involved. This is why the need for business/IS partnerships was voiced so strongly by the interviewed CIOs. Outcomes are measured at the point they impact. For example measure network uptime at the point of customer interface, not at the server in the back office. Similarly requirements are evolved and setbacks are accommodated, rather than adhering to the “letter of the contract” during a dispute.

Partnerships allow CIO leadership agendas to evolve as needed – and for delivery targets to evolve as circumstances dictate. For these reasons, partnerships increase the likelihood of successful delivery.

#### **Get the prerequisites in place for successful partnering**

Many of our interviewees talked of the need to “partner with the business.” They meant a spectrum of relationships – from IS and the business jointly presenting business cases at one end, to IS participating fully in the business planning process at the other end. There are some prerequisites to successful partnering though.

### PREREQUISITES OF A SUCCESSFUL PARTNERSHIP

- Shared responsibility with convergent goals
- Trust – or at least convergence of self interests
- Personal fit – compatible personalities
- Commitment to make it work
- Personal familiarity and mutual understanding

Partnerships only flourish where both partners share a common set of business objectives. Within this environment both parties can assist each other by making mutually well-informed and beneficial decisions.

One CIO suggested “setting up an education, mentoring role – so the executive can make an informed decision on IS.” Russell Scrimshaw, Head of Technology, Operations and Property at Commonwealth Bank of Australia, advises, “Invest in building a good team to manage the interrelationships with the business.”

Be able to swallow your ego. Roy Dunbar, CIO of Eli Lilly says, “Be prepared to hire someone with twice your IQ if that is what it takes to build a partnership with your business customers.”

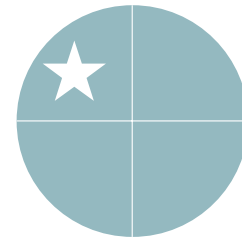
The prerequisites for partnering are shown in the breakout.

### In summary – deliver

Effective CIOs approach delivery as a partnership, using architecture to link business and technology requirements, and demanding timetables to focus IS on delivery. Leadership is the final component. Leadership takes robust personal characteristics and an ability to lead your executive colleagues in IS. Both are addressed in the next and last habit – lead.

## HABIT 4

## Lead



## Specific leadership qualities enable CIOs to work effectively with their executive colleagues – even if that leadership must be exercised from behind.

### Effective CIOs need specific leadership qualities

As CIO, you have a unique perspective across your enterprise – to spot opportunities and to solve business problems. Positional power makes you head of the IS group but doesn't bestow the right to be seen as a true leader. CIOs must earn that right by demonstrating qualities of business leadership and knowing how to lead from the back.

### Skills and knowledge: be a leader

“Good leadership is the art of getting people to do things they don't really want to do faster than they would normally want to do them.”

Being a leader is a tough job. Being a leader of IS – often seen as an expensive internal service function – is even tougher. The job description calls for someone who can lead the IS function and a cadre of external suppliers to ever-higher levels of performance, while being coach, mentor, service provider and PR person to their fellow executives and the CEO. There are two key steps IS leaders need to take.

### Deliver your vision with drive using clear consistent communication

One characteristic shared among effective executive level CIOs is the vision they have, both for their own and for the IS value proposition to the enterprise. (See the quotes on the following pages.)

### HABIT 4: LEAD

Skills and knowledge: be a leader

- Deliver your vision with drive using clear consistent communication
- Build your personal resilience

Core behavior: lead from the back

- Lead by influence using your bank of trust and empathy
- Deal with difficult people don't avoid them

“I focus on how people are doing their work and look at how they can do their work better – to deliver better value for the organization. Our role is to share [the IS] vision and be able to induce energy in your troops and an understanding of IS in others.”

**Jean-Pierre Corniou, Directeur des Technologies et Systemes d’Information, Renault**

IS leaders are not afraid to challenge the way an executive thinks about IS or IS’s culture and processes. Good IS leadership is about never being satisfied with the way things work and continually striving to improve. Any audit of the IS function undertaken at the request of the CIO – or the CEO – will always find areas that need improvement. Good IS leadership not only accepts this, but anticipates it by creating an agenda for change that overlays the IT plan.

“The CEO’s agenda – the big question was, how can the information technology organization help Centrelink to change through strategy and service?”

**Jane Treadwell, CIO, Centrelink**

What is the vision you have for yourself and for IS? Is it clearly articulated? Do your business and technology colleagues know your vision? How have you shared it with them? How well does it resonate with what your colleagues need, and with how they can become successful?

“An effective CIO is someone that ... has to be a major change agent – able to bring about business process changes leading to business transformation.”

**David Cheah, CIO, Datacraft**

Relationships thrive on clear and consistent communication. To ensure clarity always use the language of your audience. Part of getting to know your fellow executives and the CEO is knowing how best to communicate with them. Do they prefer numbers? Graphics? Words? Pictures? Do they value close working relationships, or do they favor short briefings? Broader audiences require more of a “sales” approach so keep it simple and repeat key points at least four times. Always communicate a positive WIIFM (what’s in it for me).

Communication is not one way. Effective leaders rely on official and unofficial feedback mechanisms to know how they are being perceived and what issues are brewing. This requires training your information network to keep you supplied with weak signals, not trivia. Several CIOs recommended using multiple sources to cross correlate what’s going on to avoid jumping at shadows.

“At Nabisco, I had a vision for IS. When I first arrived there, IS was apologizing at every meeting. They were order takers. I wanted to turn them into strategy makers so that the business didn’t set its strategy without its IS partner there.”

**Doreen Wright, CIO, Campbell Soup Company (former CIO, Nabisco)**

Initiating change requires relentless pushing, cajoling, hassling, threatening and pleading in equal measure. Success largely rests on how well the vision resonates. As one CIO put it, “I don’t want to outsource the IS group, but I want them to behave as if they have been outsourced.”

#### **Build your personal resilience**

Communication allows you to get your message across but is no guarantee your message will be acted on. As IS leader, the higher the profile you take, the more vulnerable you become and the more criticism you will attract. An IS leader needs great communication skills and a full measure of personal robustness.

IT is never perfect – things always go wrong. It’s easy to blame IS. CIOs need to be authentic. By being comfortable with their own capabilities, and not taking comments personally, it’s possible to build strong relationships with their staff and the executive team.

A key aspect of becoming an IS leader is recognizing that your principle focus must change as you move up through the ranks. On the way up, priorities are 90 percent functional and 10 percent relationships. The higher you rise, the more this mix changes. In the CIO position, it is more like 10 percent functional and 90 percent relationships. And like all executive roles, it requires a large measure of political nous.

“You need to be collegial rather than friendly, respected rather than liked.”

**Doreen Wright, CIO, Campbell Soup Company  
(former CIO, Nabisco)**

Develop personal qualities such as knowing when to take a stand and when to be “political” – as one of our CIOs described it. Political in this context means, “knowing the context, knowing your environment, and knowing when to concede a point to win support for some longer-term position.” One CIO described this as “building political capital.” But be warned, you don’t have an infinite supply of political capital and memories can be short. So learn to use it wisely.

## PERSONAL CHARACTERISTICS OF EFFECTIVE CIO LEADERS

### Characteristics

- High self-esteem
- Thick skinned
- Low need for affirmation
- Personally resilient
- Decisive and calm
- Highly motivated
- High energy level

### Conduct

- Not content with day-to-day workings
- Knows when to take a stand/when to concede
- Knows how to use “political capital” wisely
- Has a good mentor
- Volunteers to do new things
- Clear and consistent communicator
- Has the support and mandate of the CEO
- Regularly talks to the CEO on strategic issues not problems
- Takes action early on problems.

### Core behavior: lead from the back

Taking a true leadership role with your fellow executives and CEO is rewarding but can leave you exposed. Without positional power (you are their peer after all), you have to use influence and relationships to drive your agenda. Two recommendations emerged from our interviews. Lead by influence and deal with difficult people.

### Lead by influence using your bank of trust and empathy

You can't use edicts or positional authority with your peers or the CEO. Instead you must rely on persuasion and relationships to influence outcomes. “I know where the change agents are, where the pockets of resistance are. You need to get out of the change agents' way so they can do their job,” says Jim Flyzik, Acting Assistance Secretary for Management and the CIO of the U.S. Department of Treasury.

But influence may not be enough, as our CIOs explain.

Their overwhelming advice on how to interact with your executive peers and CEOs, is to make them look good and not take credit in public for what they claim are their achievements. But you need to receive private acknowledgements that they appreciate your worth. One CIO said, “If I appear on the cover of CIO Magazine, I always make sure that my boss appears on the cover of CEO Magazine.” Another said that when being interviewed by the media, he was always careful to say that his achievements resulted from him being lucky enough to work for a really, great CEO who understood the value of IT.

The ability to pull this off successfully relies heavily on the trust and empathy fostered with stakeholders during the early phases of positioning yourself at the executive table. (See Habit 1.)

### Deal with difficult people, don't avoid them

Don't ignore difficult people – they might be right! Even if they aren't they can be very disruptive. So what should you do if you have to deal with very difficult executives? One CIO advises. “Lead from even further back. Put intermediaries between you and them. Make it your personal challenge to find out how to deliver value to them.”

Places to look for value vary. Some executives may be struggling with a SAP or CRM implementation in their business, or trying to develop e-enabled services or products, or even putting together a business case. Our CIOs' advice is to make sure you focus on their objective so that you can create a bank of good will.

“Life in a corporation is like military training exercises in the resistance and ability drill. It’s not only running fast and running distances. It’s also knowing when to duck and when to jump and who to match with when you have to go over the wall and who to match with when you have to go under the wall. The goal is getting the whole group to finish the drill,” says Alejandro Bombaci, CIO Empresas Polar.

If these challenging personalities are important to you, or if they’re standing between you and what you want, go on a charm offensive and seek to understand them and their egos. Some people are shameless autocrats so you may need to adopt more of a subservient role. Others prefer you to stand your ground and argue your case.

“Burying your head in the newspaper when you come home at night doesn’t make for a lasting relationship with your spouse. It’s the same in IT. You have to spend time talking and sustaining relationships,” says Mark Ratcliffe, CIO Telecom New Zealand.

### In summary – lead

Effective executive level CIOs lead rather than manage. They’re good with technology and great with the business. They exhibit the resilience and restlessness of true business leaders, motivating people to do what they don’t want to do, faster. They are prepared to lead the executive from the back. Do this and you can lead. But how do you know what direction to lead? How do you interact with the senior decision makers so that you can anticipate their needs? These questions lead us back to the first habit – shape demand. And so the cycle continues.

SECTION 5

## What about your habits?

To assist you to get the habits of effective executive CIOs and work through the CIO executive success cycle, a brief self-assessment questionnaire summarizes the steps (core behaviors and skills and knowledge) needed to test how much you are developing each habit.

For each question indicate whether the answer is always true (and give yourself 10 points), sometimes true (6 points), rarely true (3 points) or never true (0 points). A score sheet is provided at the end so that you can see the implications of your score.

**Shape demand – are you getting the first habit?**

		Always	Sometimes	Rarely	Never
	Points:	10	6	3	0
Know the business	Can you sustain a conversation about the financial indicators of your business with the CEO and CFO?				
	Do you know what keeps your CEO/executive awake at night and how IS could help? [Do they know you know and do they ask for your help?]				
Engage with the key decision makers	Are you involved in shaping business directions?				
<b>Total</b>					

**Set expectations – are you getting the second habit?**

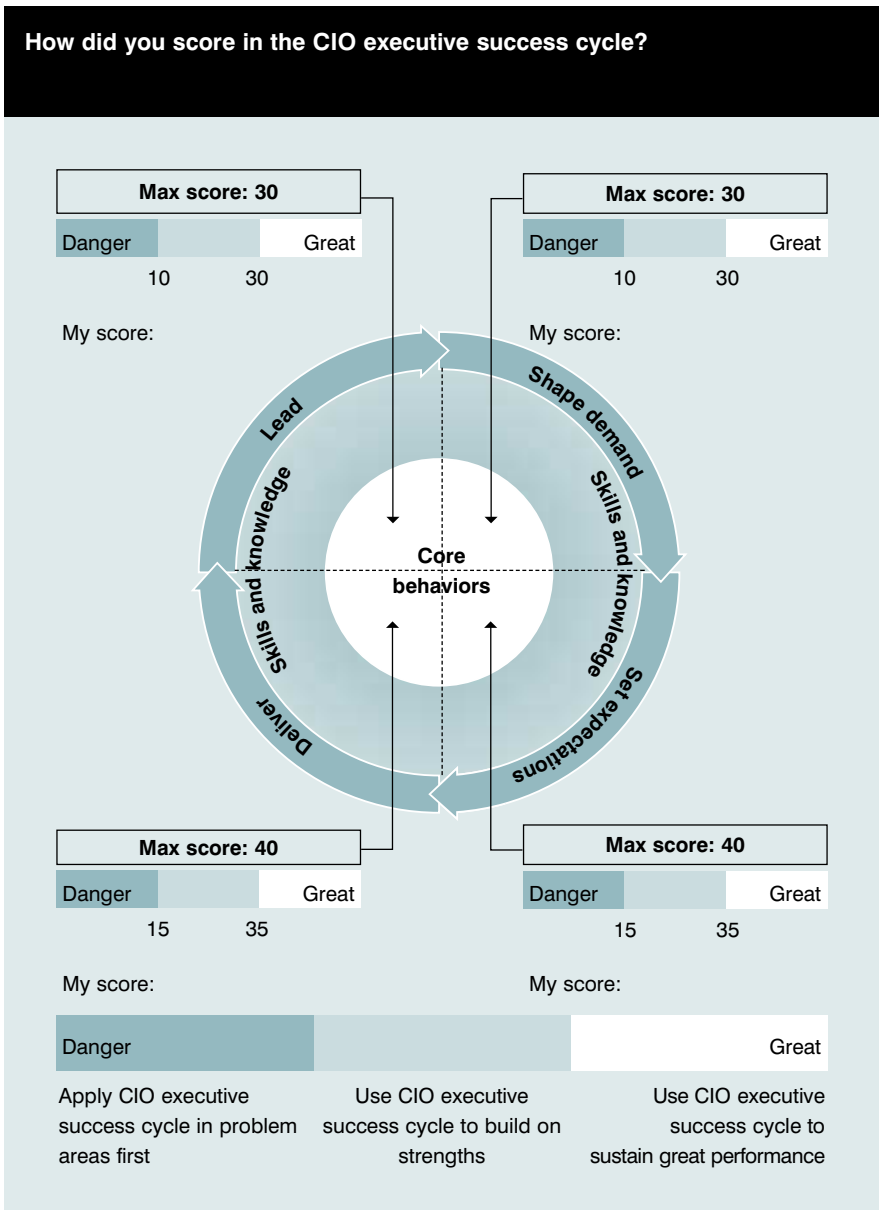
		Always	Sometimes	Rarely	Never
	Points:	10	6	3	0
Identify trade-offs	Can you quickly assess the ability of IS to deliver on a new business product or service?				
	Are you engaged in regular executive discussions about the IT implications of business decisions, including design needs?				
Negotiate Win/Win	Do you spend time with executives working through resetting expectations, agreeing to deliver only what is possible?				
	Do your negotiations strengthen rather than weaken relationships between IS and the rest of the enterprise?				
<b>Total</b>					

<b>Deliver – are you getting the third habit?</b>		<b>Always</b>	<b>Sometimes</b>	<b>Rarely</b>	<b>Never</b>
	<b>Points:</b>	<b>10</b>	<b>6</b>	<b>3</b>	<b>0</b>
<b>Use architectures and timetables to drive delivery</b>	Do you use architectural considerations to focus the design and delivery efforts?				
	Do the business executive and IS group accept the need for constant IT-enabled business change delivered in small, frequent installments – rather than in larger, much less frequent chunks?				
<b>Use partnering to facilitate delivery</b>	Do your executive colleagues accept appropriate responsibility for business programs and projects even if they have a large IT component?				
	Do your executive colleagues think of you as an effective business partner?				
<b>Total</b>					

<b>Lead – are you getting the fourth habit?</b>		<b>Always</b>	<b>Sometimes</b>	<b>Rarely</b>	<b>Never</b>
	<b>Points:</b>	<b>10</b>	<b>6</b>	<b>3</b>	<b>0</b>
<b>Be a leader</b>	Do your executive peers know your vision for IS? (Can they articulate it if asked?)				
	Do your leadership characteristics match those identified as important to be an effective CIO: <ul style="list-style-type: none"> <li>• High self-esteem</li> <li>• Thick skinned</li> <li>• Low need for affirmation</li> <li>• Personally resilient</li> <li>• Decisive and calm</li> <li>• Highly motivated</li> <li>• High energy level</li> </ul>				
	Average score for this question:				
<b>Lead from the back</b>	Do your executive colleagues (even the difficult ones) let you exercise IS leadership?				
<b>Total</b>					

For the interpretation of your score please see the figure below.

It's important to both do the test, then to use the results to influence your behavior. If your scores were well clear of the danger zones, well done. You're in a comfortable position to anticipate what's needed and steer your enterprise via the most effective route, using your privileged position of trust within the senior decision making circles. If your scores got you close to some or all of the danger zones there is room for improvement that only you can implement. After all, the quickest way to change someone else's behavior is to modify your own.



### Applying the CIO executive success cycle

In writing the *CIO executive success cycle*, the EXP Research Team and Korn Ferry intended to produce a useful framework that CIOs can apply to their own enterprises.

As always we are very keen to have your feedback. We welcome your comments of what is – and is not – working for you, to hear of your ongoing challenges and structural changes in your role(s) as CIO and to hear about your own success cycle. To this end, we hope that you will contact us: Andrew Rowsell-Jones ([andrew.rowsell-jones@gartner.com](mailto:andrew.rowsell-jones@gartner.com)), Marianne Broadbent ([marianne.broadbent@gartner.com](mailto:marianne.broadbent@gartner.com)), Mark Lelliott ([mark.elliott@kornferry.com](mailto:mark.elliott@kornferry.com)) or your EXP Program Director.



## Further reading

### *Strategic Sourcing*

Gartner EXP Premier report, led by Roger Woolfe, December 2001

This forthcoming report examines how enterprises are making effective sourcing decisions that extend beyond commodity services.

*Evolving IS Competencies* Gartner EXP Club report, led by Roger Woolfe, September 2000.

This report investigates the five key roles and competencies that are crucial for IS Lite.

*Business Value ... IT Value – The Missing Link*, led by Chuck Tucker.

Gartner EXP Premier report, November 2000

Provides clear answers about how to create a trail of evidence linking business value measures and IT value indicators and then how to use these indicators to generate a better understanding of value.

*Carnegie Mellon Software Engineering Institute Web site*,

[www.sei.cmu.edu/cmm/cmms/cmms.html](http://www.sei.cmu.edu/cmm/cmms/cmms.html).

Describes various Software Engineering Institute (SEI) Capability Maturity Models (CMM) that can be used to assess the process maturity of IS processes including software integration and software acquisition as well as software development. The SEI developed the CMM to assess IS processes and disciplines that have an impact on software delivery.

*The Quest for E-enabling Architectures*, led by Bruce J. Rogow, Barbara McNurlin & Marianne Broadbent, Gartner EXP Club, October 2000

Describes the new architectural constructs emerging to enable, support and stimulate emerging business architectures as a result of the move towards e-world. The report explores the inherent dichotomies and trade-offs in thirteen commonly encountered architectural design objectives enterprises are wrestling with to enable their e-business.

*Level 5 Leadership: The Triumph of Humility and Fierce Resolve*, Jim Collins. Harvard Business Review, January 2001

Describes how level-5 leaders (humble yet committed individuals) transform their enterprise from good performance to great performance.

*Shaping the Future: Business Design Through Information Technology*, Peter Keen, Harvard Business School Press, 1991

Describes how three major factors (first-rate platform, active participation of top management, and managing the organizational and human side of information technology) determine the impact of information technology on competition in a wide range of industries.

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