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MAKING THE IMPACT

Starting and Sustaining Positive Change in Your First Year as CIO

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Every major advisory firm publishes a "welcome paper" for the new CIO that outlines what to do during the first 100 days on the job. Typically, these papers offer simplistic checklists with advice on "quick fixes" a CIO can achieve in the hope of making a swift and significant impact on the organization. As helpful as these golden nuggets may be, it is ISG's experience in helping CIOs worldwide for the last three decades that these quick fixes go only so far and that the longer-term transformation the CIO is expected to drive does not come quite so easily. Instead, it depends on a disciplined approach to **engaging, knowing** and **acting** that takes into account both internal and external stakeholders.

You were hired to make a change in your firm. This is what your CEO expects and what your direct reports eye with trepidation. Your colleagues are also apprehensive. Will they be heard? Will those things they perceive as problems be considered problems by you? Will you commit to fixing them?

Driving significant change, particularly in the transformational environment of today's IT organization, is a complex and iterative process. The CIO must be aware of factors that only a few years ago were non-existent or irrelevant. And the stakes are higher than ever for both the internal IT services organization and its relationship to the business as a whole. New technologies put IT at the center of new business opportunities, which CEOs expect to be suggested and championed by the CIO's team. The very role of the CIO is in flux—especially in larger enterprises—and everywhere in the organization change is constant, unpredictable, fast and overlapping.
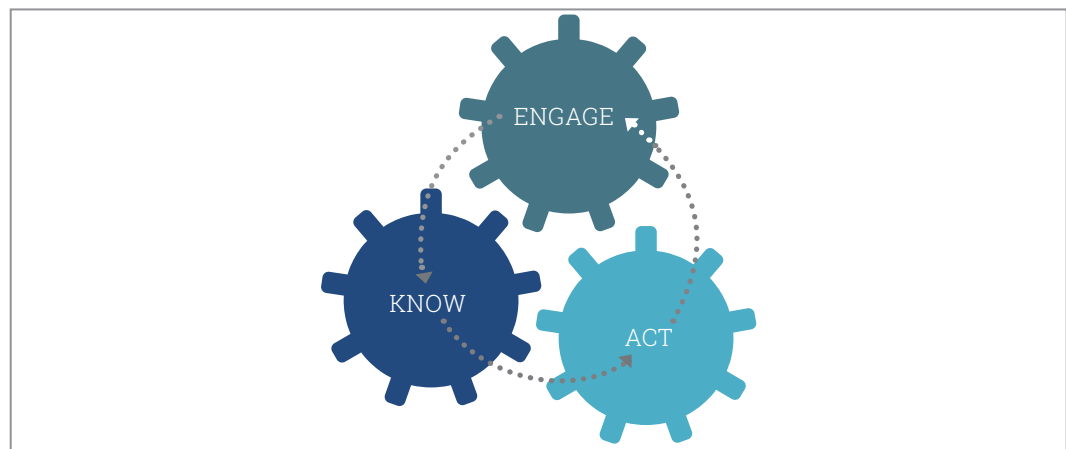
MAKING THE IMPACT

Meanwhile, day-to-day business must continue as usual even as transformation happens. IT is a hybrid environment today, and bi-modal operations—half focused on maintaining operations and half on swift evolution and innovation—are a fact of life.

This makes the job of the CIO inherently complex. Conducting a transformation initiative on top of these complexities can introduce the following challenges:
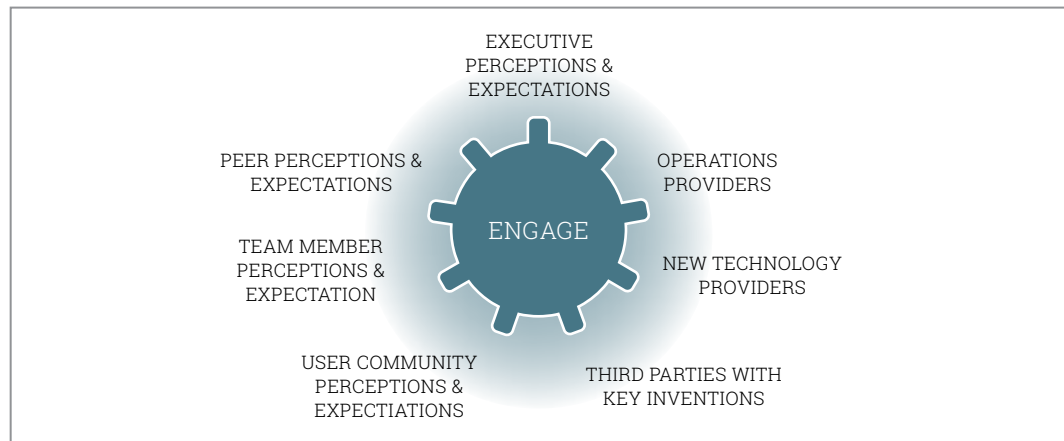
1. **Digitalization:** How to best leverage social, mobile, automation, cloud, big data analytics and other advances in technology for the good of the business?

2. **Security**: How to handle this worrisome partner of digital and address regulatory requirements and company data-protection concerns?

3. **Enterprise architecture standardization:** How to operate business as usual and introduce innovative application solutions at the same time?

4. **Governance:** How to engage services-consuming stakeholders and integrate the offerings of multiple service providers?

This paper explores the ways a new CIO can leverage the disciplines of **engaging**, **knowing** and **acting** in a virtuous circle of evaluation and improvement.

ENGAGE

Engaging is less about communicating and more about listening, understanding and being prepared to iterate. The CIO often begins his or her job with an institutional expectation that the new boss will be all about telling, not listening. In today's changing technological and business environment, IT is increasingly critical to the business and must integrate itself into the decision-making process. To be able to introduce new ideas and opportunities that contribute to enterprise growth, the CIO must become intimately familiar with the enterprise's business model and strategy.

The new CIO must listen for opportunities to expand IT's role in the business, innovate new products and services and, at the same time, mitigate security risks. These opportunities and innovations are increasingly dependent on an enterprise architecture that is highly standardized. And standardization needs stakeholder agreement—or at least the absence of outright rejection. The first step is sincere engagement with both internal and external stakeholders.

EXECUTIVE
PERCEPTIONS &
EXPECTATIONS

PEER PERCEPTIONS &
EXPECTATIONS

OPERATIONS
PROVIDERS

ENGAGE

TEAM MEMBER
PERCEPTIONS &
EXPECTATION

NEW TECHNOLOGY
PROVIDERS

USER COMMUNITY
PERCEPTIONS &
EXPECTIATIONS

THIRD PARTIES WITH
KEY INVENTIONS

Inside: Starting with the C-Suite, make sure you are in full alignment with the expectations of your peers and that you fully understand the business priorities. Within IT, engage with the leadership team and direct reports by building structures and processes to ensure strong commitment to priorities and a joint mission for the IT organization. Conduct a "listening tour" with business stakeholders. Create an objective inventory of the pain points and needs of the user communities, and signal a strong commitment to fixing and fulfilling them. At the same time, be sure to communicate that the greatest improvements in the organization will involve everyone agreeing to standards.

Outside: You are not the only executive and enterprise going through this degree of transformational change. Building a network in your industry and leveraging an exchange of ideas with other CIOs can be an effective way to gain insight and tap into the experience of others.

Your company will likely have many service providers. Identify the key providers relative to your business-as-usual operations today, and identify providers you are not currently talking to but should be. Innovation is increasingly coming from outside the company and is tailored to meet specific needs or identify and develop new business opportunities. Without an engagement program with providers, you may miss important opportunities that can have a substantial positive impact in your role.

What to do: Go to your peers with a set of structured questions and listen carefully. Capitalize on the newness of your role by opening discussions on both problems and possibilities; don't let conversations about problems overshadow the opportunity to gain insights on how to bring about positive change and reposition IT's role in the business.

To initiate or improve internal engagement, consider customer and end-user satisfaction studies that will help you gauge the enterprise-wide perception of IT. These can take the form of online questionnaires, one-on-one interviews, focus groups or a combination of these. The fastest route for engagement with services providers is via a third-party advisor who has insights into the marketplace and can make introductions.
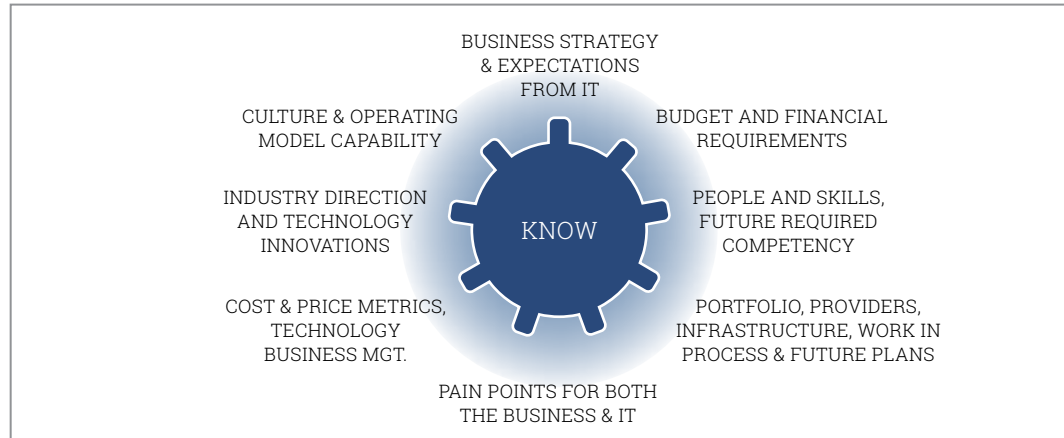
Get your house in order. Understanding the financial of the IT organization at this stage will allow more flexible decision-making throughout the transformation.

A strong governance structure that defines policies, establishes roles and ensures the alignment of both external and internal parties is essential to a successful transformation. Strong governance will help establish how to best approach and manage an environment undergoing overlapping transformation cycles.

KNOW

Even at this stage, it is your vison that provides guidance on the direction of the organization—the discovery, the questions, the creation of a collaborative and trusting environment where both internal and external participants feel safe to talk about their drivers for change. Knowing their expectations will help shape your vision.

You need information to drive meaningful change—information from inside IT, from the business, and from the wider world as technology and business models change. Today, the application of technology transcends departmental boundaries and can influence how the enterprise functions in unexpected ways. Innovation comes from knowing the environment, the opportunities and the sources of potential growth. Knowing comes from asking lots of questions.

BUSINESS STRATEGY
& EXPECTATIONS
FROM IT

CULTURE & OPERATING
MODEL CAPABILITY

BUDGET AND FINANCIAL
REQUIREMENTS

INDUSTRY DIRECTION
AND TECHNOLOGY
INNOVATIONS

KNOW

PEOPLE AND SKILLS,
FUTURE REQUIRED
COMPETENCY

COST & PRICE METRICS,
TECHNOLOGY
BUSINESS MGT.

PORTFOLIO, PROVIDERS,
INFRASTRUCTURE, WORK IN
PROCESS & FUTURE PLANS

PAIN POINTS FOR BOTH
THE BUSINESS & IT

Inside: Here are some of the questions you'll need to answer. Where is your business going? And what impact can the CIO have on that direction? What can you do quickly and what do you need to implement over time? How much money is being spent, and could it be spent more wisely? What is the culture of the firm and its operating model, both in IT and elsewhere? Is the maturity of your processes, skills, tools, structures and technologies on par with your peers? Do you have the right skill sets on your team, and, if you don't, can you train existing staff or should you hire new members to achieve your longer-term objectives? Is your operating model helping or hindering your objectives to change and improve IT services?

Outside: How can you bring new technology into your company to both improve IT service delivery and enhance the business? How much are others paying to deliver services like the ones you have? Your company will have many service providers. How will you identify your go-to providers and be on the lookout for providers that can offer you something entrepreneurial and new?

What to do: Creating a strategic roadmap to change involves synthesizing data and information—from both inside and outside the firm. Conducting honest assessments of your internal capability, staffing and readiness for change is an important way to prepare for ongoing and overlapping transformation. Benchmarking cost, price and capability can provide leverage for internal discussions. Take time to assess your current maturity and research the current state of the market. What are companies in your sector doing or thinking of doing? Parse the technology options for your IT, business and market-facing operations so you fully understand the opportunity and make the kinds of plans that will have maximum impact.

Valuable techniques exist today to address the financial needs of a transforming organization. Technology Business Management (TBM) is a robust and accepted approach that helps to guard against the natural inclination toward silos and shadow IT.
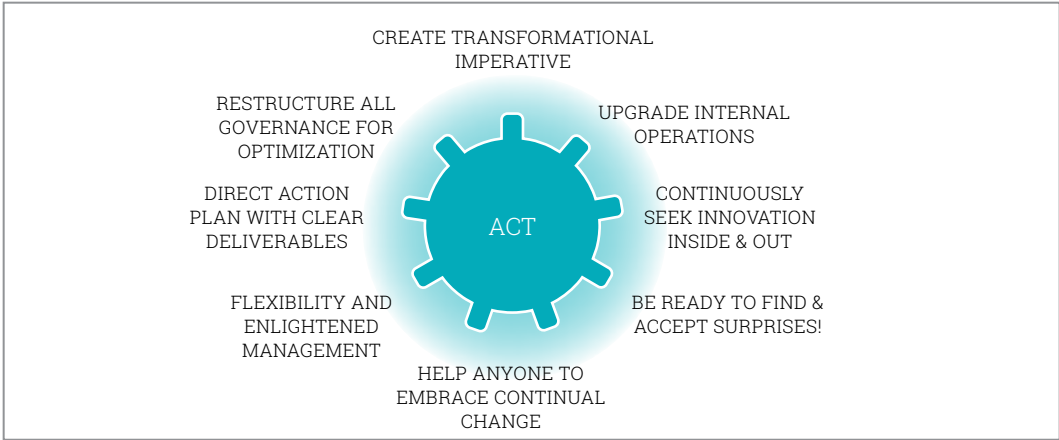
Many legacy IT organizations operate with strong lines of demarcation between applications and infrastructure. The new digital enterprise blurs these lines, so be prepared for the blurriness. Assess the structure of the legacy environment and the readiness for agile development to help create the roadmap.

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By taking all the information you now know and creating your strategy in an informed way, you can build lasting transformational change that meets your objectives. You also will be prepared for the continuous transformation you will face in the areas of digital technology and its many children: enterprise and customer security, standardization of architecture to support innovation and the continuous reinforcement of the relationships, roles and responsibilities needed for good governance.

ACT

Standing up transformational change is a tall order; it involves the preparation and testing of strategy coupled with strong and flexible implementation. Knowing the transformation will be iterative and overlapping and preparing the organization for that fact early on will help everyone acknowledge "change fatigue" as a reality but not as an excuse to stop the program. In every element of the program, **acting** consistently links back to **engaging** and **knowing.** It requires a continual examination of the steps needed for adapting and evolving. **Acting** is not separate from communications—actions without engagement and communication will engender resistance and hinder the transformation.

CREATE TRANSFORMATIONAL IMPERATIVE

RESTRUCTURE ALL GOVERNANCE FOR OPTIMIZATION

UPGRADE INTERNAL OPERATIONS

DIRECT ACTION PLAN WITH CLEAR DELIVERABLES

ACT

CONTINUOUSLY SEEK INNOVATION INSIDE & OUT

FLEXIBILITY AND ENLIGHTENED MANAGEMENT

BE READY TO FIND & ACCEPT SURPRISES!

HELP ANYONE TO EMBRACE CONTINUAL CHANGE

Inside: Identify the key transformation leaders to help implement the plan. Ensure the providers involved in the transformation are treated as insiders so that you create seamless integration. Focus as much on the organizational change message and "new way of being" as the technology change. Burn the bridges behind the change—do not allow any place to slide backward as you build the future state. Close off retired applications so they are simply no longer available, or create incentives for moving in the new direction—or punishments for continuing in the "old way."

Coming into the new way of being involves complex simultaneous activity, including developing the roadmap, structuring the engagement program for all stakeholders, defining financial targets for immediate improvements and renegotiating existing service provider contracts or creating new ones.

The new working order will have a different character and pace that is determined by the rapidly changing environment of IT and business. Knowing when to drive standardization and when to accept ambiguity for the sake of innovation requires a steady hand on the overall transformation project.

Outside: Since IT is no longer merely an internal support function, massive changes to operations will necessarily touch outside stakeholders. Where your changes affect customers, providers or the wider world, be sure to work with your marketing organization to create appropriate communications.

The new digital business leaps past old constructs. In this way, IT is becoming the business. It is no longer a servant to operations, marketing and customer service; it is the executor of these functions. Recognizing this fact will require a paradigm shift that informs the roadmap and the ways in which the larger business environment moves forward.

What to do: Executing the roadmap requires a massive transformation of the organization—including changes in people, process, technology and business orientation.

A WORD ON TRANSFORMATION

TRANSFORMATIONS IN BUSINESS AND IT TODAY ARE NOT ONE-TIME EVENTS. THEY ENTAIL A CONTINUOUS SET OF ACTIONS IN RESPONSE TO MARKET CONDITIONS, TECHNOLOGY CHANGE AND OPPORTUNITY. PREPARING FOR OVERLAPPING WAVES OF TRANSFORMATION IS ESSENTIAL FOR THRIVING IN THE COMPLEX TECHNOLOGY AND BUSINESS ENVIRONMENT TODAY.

Continuous and overlapping waves of transformation
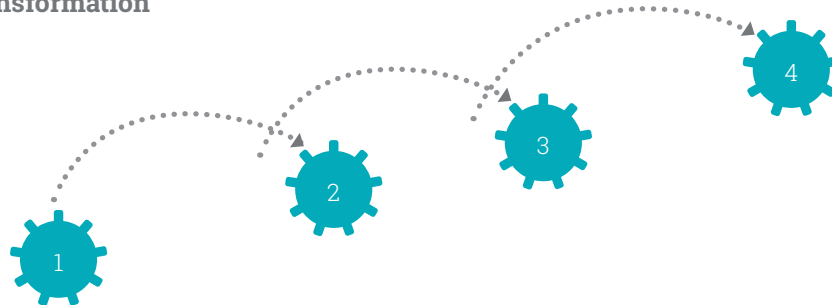

Make sure all the players in the environment are well-trained and understand their roles, and that technology is ready to support the initial and incremental ongoing changes. Ensure your infrastructure is ready for the challenges of security and digitalization. Enterprises successfully transforming today are not doing it alone; strategic partnerships with providers and advisors are critical to make change effective and sustainable. Transformational program management makes all the difference in these cases; this is program management that goes beyond simple execution and looks at the iterative nature of the transformation, adjusting and changing the transformation plan as needed throughout the process.

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Metrics are essential. If you don't measure, you won't know if and in what ways change is happening. Measuring operations, finances, human effort, revenue, internal and external customer satisfaction—these will be the key indicators of successful transformational change. Be sure to have measurements in place during your **act** phase.

And of course, as you **act**, you will be iterating back through the other stages, always **engaging, knowing** and **acting** in a continuous cycle to ensure the transformation is successful and the hoped-for innovation is coming to fruition.
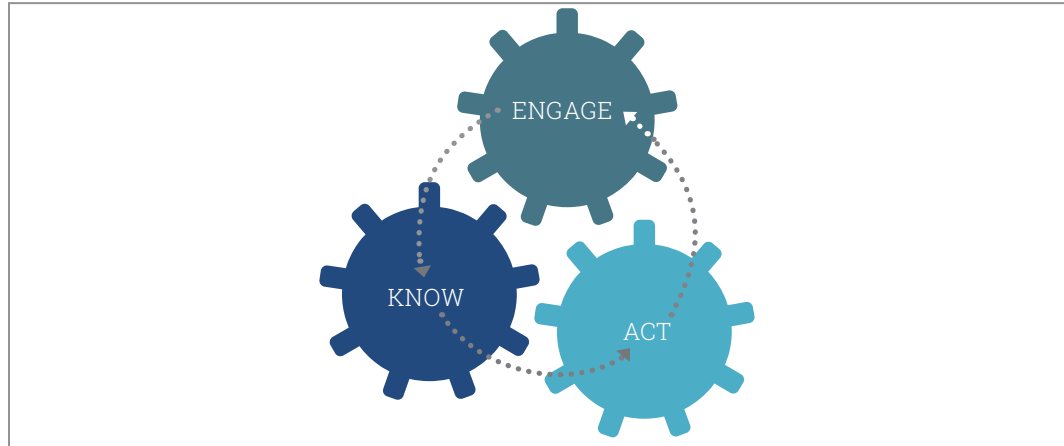
GETTING A RUNNING START

It's a lot to get done, and the initial phases have to happen quickly. Getting help from a reliable partner is critical. You need:

1. Research.

2. Assessments and benchmarks of stakeholders, costs, price, maturity, capability and opportunities.

3. Strategy development.

4. Digital knowledge and capability.

5. Governance expertise.

6. Partnership experience.

7. Practical program management experience.

8. Innovation knowledge.

Some of these services are standardized but many are customized for your particular situation.

MAKING THE IMPACT

Engaging, knowing, acting is an approach that allows for the requisite flexibility to respond to complex IT and business environments and the discipline to create an effective environment for change. Achieving your goals depends on an ecosystem made up of external and internal stakeholders. Get to know them. Understand the advantages of digitalization, enterprise architecture standardization and strong multidirectional governance. Leverage partnerships to create positive change that supports the business now and in the future.

ISG can help. We know transformation strategy, digital business, governance and change. Let us help you take these steps quickly and intelligently.

ABOUT THE AUTHOR

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Cynthia brings 25 years of experience helping clients develop their sourcing governance and service management design. Having worked with more than 50 organizations to improve business management and service management processes in both single-provider and multi-provider environments, Cynthia has become a recognized expert in sourcing governance, vendor and contract management. She currently serves as the architect for ISG's service methodology and global integrator of its products and services. Cynthia works to leverage ISG's accumulated intellectual property resources to help enterprises create effective transformation and governance capability, and maintains a continuing role in the Strategy and Organizational Change Enablement practice.

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