I am honored to be invited to write the first Guest Editorial in the Journal. This editorial will replace departing Editor in Chief Michael Cangemi’s much-read Issues&Comments column. While few can match Michael’s uncanny sense of what is topical for our readers, I am confident that the Guest Editorial will emerge as a worthy replacement of his column.

Two paths lie ahead of today’s CIO. One leads to becoming a trusted senior executive leader of the enterprise; the other leads to a technical management, “just keep the lights on and do it cheap” role.

The chief information officer (CIO) of a large enterprise could be forgiven for feeling somewhat smug. Safely ensconced in the executive suite, the CIO manages complex, expensive and large technology-driven investments and the correspondingly huge information technology (IT) resources; offers expert counsel or decisions on IT matters to the board, chief executive officer (CEO) and fellow executive suite managers; and is fawned over by IT vendors and consultants—the CIO has seemingly never had it so good.

All this is a far cry from the early days of commercial computing, just a few decades ago, and the preceeding EDP manager position that rested somewhere on the outer fringes of the corporation. Despite the lapse of a few decades, conventional wisdom remains that the skills needed to do the CIO job are rooted in the technical acumen of those early years. With few exceptions, the CIO’s role is still inherently reactive to the evolving business needs and, despite all the hype to the contrary, IT continues to be an isolated corporate silo of a highly technical nature. The name of the game appears to be to maintain system reliability, implement new projects effectively and contain costs.

Toward a Diminished Role?

The emerging reality is somewhat different. The “nuts and bolts” CIO role has started to recede in importance. As a Gartner analyst commented, “Running many IT services has become far more transaction-based, as if it has moved from brain surgery to producing soccer balls. Software for something as complex as a global supply chain is now coming out of a box—literally.”

Not surprisingly, a new school of thought has gained ground in the popular media. Some of these analysts contend that while IT will continue to be important, it will no longer be strategic to business, in the sense that it will provide no source of competitive advantage to businesses in the future. They predict that IT will increasingly be like any other commodity—part of the cost structure of a business “that must be paid by all but provides distinction to none.”

The underlying contention of these analysts is that IT has now matured and, like the infrastructure technologies of a century earlier, has moved from a proprietary to a more accessible and open phase. The emergence of standards that ensure both connectivity and interoperability across diverse systems and the shift toward more homogenized solutions are the portents of this maturity and openness—further reinforced by the use of the Internet as the standardized access channel.

As a corollary, with the maturity of IT, the current CIO role is expected by these analysts to radically diminish in importance to something akin to a “chief technology mechanic”—still critical but...
The New CIO

Now let us consider the alternative.

According to comprehensive research conducted by IBM of 750 CEOs of some of the largest enterprises in the world, most companies face a gap in the integration of business and technology, thus impeding customer satisfaction, speed and flexibility.

While most CEOs interviewed rated their business and technology integration of great importance, only 45 percent felt that the two were integrated to a large extent in their enterprise. Interestingly, extensive integrators reported revenue increases three times as often as companies that were less well integrated.4

Clearly, there is a strong case for a more invigorated CIO role that better aligns with the quickly shifting business paradigm.

Last year, I was invited to a global CIO forum hosted by the chairman, president and CEO of IBM. The consensus at this two-day forum was that the CIO was at the epicenter of a massive shift in the business landscape driven by the forces of globalization, the rise of new markets such as India and China, and the accelerating advance of technology. Given these levers of change, organizations will have no choice but to adopt an innovation agenda to survive in this new and evolving business frontier. In this context, it was observed that the CIO was best positioned within the executive suite to provide the necessary leadership to an organization adopting and executing an ongoing transformational change agenda. This perspective is justified given the unique view of the organization in terms of business models and end-to-end processes that the CIO must possess, as well as having a solid grasp of how enabling technologies coupled with process transformation can create competitive advantage.

Clearly, this new emerging role—whatever it is ultimately called—requires additional capabilities than the CIO of today would normally be expected to possess. Also, much of the new role extends beyond the traditional boundaries of IT. In this expanded role, the CIO must be able to lead the drive for innovation and, at the same time, identify new opportunities for growth given the rapid and ubiquitous adoption of newer technologies.

The attendees at the forum—140-plus CIOs drawn mainly from the ranks of the largest IT users across the globe—concluded that there are already some early signs of an enhanced CIO role. On one hand, the CIO role is expanding to include business functions beyond IT, such as operations or customer service. On the other hand, the way individuals enter the CIO role is also changing, with increasing numbers being drawn from a non-IT or systems background.

The Road Ahead

There appears to be not much choice for the CIO of today but to move into this new role as a change partner and business leader—or else risk being replaced or relegated. Massachusetts Institute of Technology (MIT)'s Jonathan Byrnes captures this shift succinctly in response to a self-imposed question of what separates effective CIOs from ineffective ones. He notes that:

The answer has changed dramatically over the last 20 years. Twenty years ago, technical expertise was the critical variable. Today, it is whether the CIO can move the rest of the company to do things differently. The problem is that many CIOs developed their management skills in the earlier era when technology assessment and implementation were the key issues. Now they need a completely new set of skills.

Yet, even if CIOs are proactive in this respect and acquire these new skills, they will not be successful unless organizations change the way they measure and manage them. CIOs must be measured on contributing to innovation and growth, not just on system reliability and cost containment. They must be given a seat at the strategy setting table so that the technology options are evaluated as drivers of key business strategies. Finally, CIOs must be given an opportunity to drive process transformation change in partnership with the line business owners, as well as to enhance their own leadership capabilities.

IBM's chairman, president and CEO seems to have become almost evangelical in promoting this new CIO role and has placed the resources of this giant company behind the push for assisting CIOs to acquire these new capabilities and assume this new role. In a recent letter, he noted that “the role of technology as a disruptor and source of competitive advantage places the CIO at the nexus of the changing global business landscape.” In his view, CIOs are uniquely placed to “help enterprises capitalize on technology’s transformative potential.”

Diane Schueneman sums up the challenge ahead for the new CIO:

The opportunity is there for them to think like the CEOs, and to use the power of the organization to achieve greatness. To do that, they have to work broadly across the company—with the CFO, the head of sales and other functional leaders. They have to understand these different roles and be very involved in bringing new ideas to them."
Endnotes

1 Broadbent, Marianne; Ellen S. Kitzis; *The New CIO Leader*, Harvard Business School Press, 2005
6 Palmisano, Samuel J.; Letter to the author, 26 June 2007

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