

Seven Leadership Strategies for IT Success

Today's business and technology executives are using innovative leadership techniques to swiftly deploy mission-critical technology – and achieve measurable returns.

By Eric J. Adams

Article Summary:

Companies of all sizes are searching for new ways to successfully deploy complex, mission-critical, and often costly IT initiatives. These seven strategies will enhance the success of those initiatives: align IT to business strategy; make IT governance a priority; use metrics, but don't let them dictate strategy; commit to a unified information infrastructure; create a shared CEO and CIO vision; develop CIO skills beyond technology; and know when and how to partner.

How do you build a company capable of changing as quickly as the marketplace it serves? How do you enhance customer satisfaction without overburdening employees? Raise productivity without increasing costs? There will always be plenty of healthy debate on how to fulfill these and other critical business imperatives, but no one would argue that any of it can be done without IT playing some role.

Companies of all sizes are searching for new ways to successfully deploy complex, mission-critical, and often costly IT initiatives. "This much is clear: IT will be the major business driver in the 21st century, and enterprises are increasingly relying on IT for competitive advantage," says Kathy Harris, group vice president with [Gartner](#). "Companies can't afford to apply anything less than the same level of commitment to IT that they devote to other critical areas in the enterprise. And that includes an unwavering dedication to finding and implementing strategies for success."

The following seven leadership strategies can improve the chances of success for every technology project:

1 – Align IT to business strategy

Gil Irwin, managing partner of [Booz Allen Hamilton](#)'s IT practice, likes to talk about failure, largely because it helps highlight the elements of success.

"We know of a major life insurance company that spent tens of millions of dollars on a sales-force automation project," says Irwin. "It was technologically difficult, and the company pulled it off brilliantly."

There was only one problem. "The front-line agents who were supposed to use the application didn't want to give up ownership of their clients and run the risk of losing them to direct marketing by the company itself. And there wasn't anything in it for them," Irwin reports.

The result? The IT initiative was sent to the discard pile, "all because the powers that be failed to get business-unit buy in from the agents and their managers before the project started," says Irwin.

Nothing is more critical to IT success than aligning a technology initiative with the needs of operational business units such as sales, finance, and human resources, according to Brad Boston, senior vice president and CIO at Cisco Systems. "We repeatedly see that companies that are underwhelmed by their IT investments are those companies where the business units aren't involved," he says.

Consequently, business-unit executives and end users alike must drive IT initiatives from the very beginning. "Business units should be the generator, sponsor, prioritizer, and champion of projects designed for their units – and [should] be held equally as accountable for project success as the IT staff," says Irwin.

Scott Griffin, CIO of the [Boeing Company](#), takes an even more radical approach, suggesting that IT should align with customer needs. "If business is supposed to be customer-centric, then companies should aim their business and IT strategy at solving customer problems and not internal business problems."

Not every IT initiative can originate with a single business unit, of course. An increasing number of technology projects today are cross-functional or businesswide. However, many senior executives use the following tactics to best align their IT and business units:

- **Involve business units from the start.** Get business-unit executives and employees involved from the proposal

stage and include them in setting project goals and success metrics.

- **Find a business champion.** Projects that have qualified, enthusiastic business champions and a team dedicated to implementation are likely to succeed. Best-practice companies often halt projects that don't have both.
- **Establish joint accountability.** Make both the IT department and business units equally accountable for project success. "I've seen companies in which bonuses for business-unit executives were tied to the success of IT projects initiated on their behalf – and it works," says Boston.
- **Communicate business benefits effectively.** The standard marketing dictum applies to IT – talk about benefits, not features. Explain how an IP Communications system will allow users to receive all their e-mail and voice-mail messages in a single convenient in-box to save time, how a new supply-chain application will reduce paperwork by 60%, or how the new workforce-optimization application will let employees go online to make instant changes to their benefits packages. "We don't need a lot of new ideas in IT. We need to drive ideas through the organization," says Boston.

2 – Make IT governance a priority

Governance models help organizations design, develop, implement, and control technology initiatives in much the same way they help to ensure the success of investment, marketing, and manufacturing programs.

Governance delivers IT value to the enterprise and mitigates risks, often serving as the best line of defense in preventing individual business units from developing independent projects that don't align with the overall organization's business needs for security, interoperability, and quality support.

Booz Allen Hamilton worked with a large carrier in which business units were allowed to build their own unique technology projects. Each project, however, required its own *shadow* IT staff to run effectively. Shadow staffs live within the business and are dedicated to performing tasks that are otherwise within the purview of the core IT department. In the case of this particular company, the shadow staff grew to become three-fourths as large as the entire official IT department, causing conflicts and budgetary problems.

"Look at companies with runaway IT costs, and often you'll see they have very little governance," says Boston. "It's much harder to get a return on an investment if you have to support separate applications, environments, and databases."

IT governance can help you find ways to improve your company's cross-functional communication, control, and effectiveness.

Cisco's governance is based on a *federalist* model, which establishes central control, accountability, responsibility, and authority within the enterprise, while still allowing business units and various departments to make fundamental decisions about their own operations.

When Boston joined Cisco in 2001, for example, Cisco's engineering and manufacturing units maintained four separate parts databases. He helped establish and promote governance rules that required separate business units to integrate isolated databases.

"By consolidating the separate databases into one, we made it easier for the two functions to find ways to use fewer and more common parts, saving the company money," says Boston.

As IT projects become increasingly related to integration, IT governance issues will become even more central. "There isn't a CIO today talented enough to juggle enterprisewide initiatives outside the framework of a governance model," says James Richardson, senior vice president and chief marketing officer at Cisco.

In addition to the federalist governance model, you can use several other common models, including the *centralist* and *conglomerate* models, to create your company's own governance framework:

- A centralist model relies on a command-and-control approach, in which leaders define the company's mission, values, and purpose. Within this model, corporate headquarters provides mandatory services, owns resource allocation, and imposes integration on business units and departments.

- A conglomerate model recognizes multiple unrelated autonomous businesses within the enterprise, each with its own separate culture, values, and purpose. Each is responsible for resource allocation, and the company doesn't expect cooperation among the various units.

"There are many models, and actually almost any governance structure could work, as long as it is aligned with the business's organizational structure and appropriately accounts for IT resources and business-unit needs," says Irwin.

Phil Go, CIO at [Barton Malow Company](#), a general contracting, engineering, and architecture firm, is a strong believer in IT governance. "I can't do my job if every department or person has the right to use or create technology as it sees fit. I need controls to guarantee success," he says. "At the same time, it's important for me to communicate the benefits of governance to my company: proven support, interoperability, security, and technology that works."

When establishing IT governance models, consider the following strategies:

- Create compatible organizational and funding models that explicitly identify roles and responsibilities.
- Establish functionally aligned teams such as sales-IT, finance-IT, and human resources-IT to ensure that the IT group is familiar not only with each business unit's technology details but also with language, issues, strengths, and weaknesses.
- Ensure that risk analysis is an integral part of all planning processes, focusing on the vulnerabilities of the IT infrastructure, the exposure of intangible assets to security and operational risks, and the risk of IT project failures.
- Empower the CIO to make critical governance decisions, including project cancellation.

3 – Use metrics but don't let them dictate strategy

You will rarely find opposition to the idea that technology projects should be subject to return-on-investment (ROI) calculations and other quantifiable measurements of success and failure. But sometimes initiatives can't be easily measured – or simply can't be measured at all.

At Boeing, Griffin separates projects into two categories. "For projects that we can measure, we use economic profit terms: increased revenue, decreased costs, or more efficient use of assets. But we don't even bother justifying projects that are transformational, the ones that help us reach our goal of being a network-centric and global enterprise," says Griffin.

"It's sort of a paradox. In a slowing economy, metrics are more important than ever – and the ability to justify a project is more important than ever – but you also need projects that will grow revenue or improve interoperability. And these projects are far harder to measure, even though they offer great promise," says Sue Bostrom, senior vice president of the Cisco Internet Business Solutions Group.

Evaluating IT investments requires a mix of analytic rigor and intuition. As a general rule, cost-cutting efforts are far more susceptible to analysis than those aimed at growing revenue. It may be easier, for instance, to measure the dollars saved by implementing a supply-chain solution than to measure the soft benefits of higher customer satisfaction or increased brand value.

Leaders who focus only on ROI often miss opportunities to make substantial changes. When you can measure an initiative's impact, you need to establish metrics before the project begins and assess its progress regularly by measuring and publishing progress at predetermined milestones. Consider the following:

- **Identify strategy.** Define the aims and objectives of the organization or department.
- **Select performance measures.** Identify the measures or indicators that support the quantification of activities over time.
- **Select goals or targets.** Quantify management's objectives for specific future dates.

- **Deliver indicators.** Provide a reasonable indication whether a program is achieving its objectives.
- **Report information.** Provide the basis for management monitoring and decision making and the means for achieving external accountability.
- **Take action.** Improve, add, drop, or alter programs according to the measurement information.

When metrics measure intangibles or nonfinancial benefits, at the very least you need to make sure the initiative aligns with business goals and subject it to the same IT governance rules that apply to all projects.

“It’s so easy to get hung up on metrics. But sometimes effective leadership requires you to go with a project even when you don’t have the financial numbers to support you,” says Gartner’s Harris.

4— Commit to a unified information architecture

In the 1990s, IT groups focused on building systems to manage growth within each part of a business. Today, the focus is on returning to the basics and setting a foundation for systems that reach across the business to increase productivity.

“Simply put, we can’t live without a secure, efficient, and unified infrastructure,” says Griffin. He has already helped Boeing make significant reductions to the cost of the company’s IT infrastructure, even while the infrastructure has grown by two-thirds. And a unified infrastructure has helped Boeing slash the number of systems “by thousands,” he says.

Boston points to the success of Southwest Airlines as a prime example of the power of standardization beyond IT. “Southwest does so well because it has only one type of aircraft,” he says. “All the crew can fly that plane, every aircraft can park at any gate, and any mechanic can maintain the fleet. Operational simplicity is the foundation of its success, and the same principle holds true for IT.”

Strategically, a globally networked business helps a company achieve new standards of efficiency and productivity in its business relationships, be they with vendors, partners, or customers. Simplifying network infrastructures and establishing end-to-end network services help companies automate the fundamental ways they work together. And tactically, a unified infrastructure helps companies cut costs and deliver applications quickly and pervasively.

“If there’s one thing I firmly believe, it’s that if you have consistent technology on the lower level, anything you build on top of it will be that much easier and have the potential to deliver that much more value to your company,” says Go.

Companies can create a unified network by committing to widespread technologies such as Internet Protocol (IP), Ethernet, and extensible markup language (XML). Companies favor IP in particular because it allows for quick and easy data exchange across public and private networks and has the flexibility to support data, voice, and video on a single network.

At Barton Malow, Go employed IP technology to build the medium-sized company’s unified infrastructure. In addition to reducing IT costs for supporting voice and data networks, the company has adopted multiple successful standardized applications for use across the organization, including videoconferencing to reduce travel costs. It also simplified project management, installed IP telephony, and added a wireless network. As a result, it shortened the time needed for construction-issue resolution by 66%. The solutions let construction managers access data from construction sites and check both e-mail and voice mail from multiple locations.

To standardize an information architecture, it’s also critical to review and eliminate legacy networks and protocols that inhibit end-to-end performance. This enables the applications to take full advantage of a single IP network.

“You must apply this same critical discipline to all systems, databases, and protocols that access the network. Keep asking yourself, What value does it add to the overall business?” says Boston.

It’s worth noting that you have to be willing to make an exception when the business case requires it. “Exception management is just as important as compliance management, and both should have a place in your IT model,”

says Harris. "If you have too many exceptions, you don't have it right yet. But if you have no exceptions, you may be too rigorous in your compliance and may be stifling innovation."

5 – Create a shared CEO and CIO vision

What will IT's role be in your company? Will it be the back-office operation? The front-and-center business enabler? Or a strategy resource for company growth and innovation? The answer depends largely on the vision the CEO and CIO share for IT.

"The CEO should treat IT like any other part of the business. That is, put in place very stringent operation metrics and hold the CIO to it," says Bostrom. "But CEOs must also help create and support a vision for the IT department and signal the importance of that vision to the rest of the company."

That vision could be as modest as treating IT as an internal service company. It answers to the needs of individual business units and is responsible for the operation of IT assets. Or the IT vision could be as broad as having the group act as a strategic partner. IT helps identify company opportunities and creates the structure for the business-IT environment that optimizes investments and fuels company growth.

The CEO should also play the role of tiebreaker in major cross-functional disputes and of champion for productivity improvement. But the CEO can be most effective by installing a governance architecture that ensures close cooperation between IT and business throughout the enterprise.

To succeed, the CEO needs to give the CIO the information and authority he or she needs to act. "I think the CEO should invite the CIO to have a seat at the inner table, because no one aside from the chief financial officer has such a broad view of the company," says Irwin.

For their part, CIOs must be ready to "come out from behind their technology boxes and communicate their visions," Irwin adds. And that's a skill with which CIOs often struggle.

According to a study by [Acadys](#), a European consulting firm, more than half of CIOs polled believe that they positively contribute to the principal objectives of their organizations, yet less than 20% say they are capable of measuring these benefits.

Harris contends that CIOs can't communicate a vision without first climbing a "credibility hierarchy."

"Employees aren't going to care about the CIO's vision if their computers don't work, and business managers won't care if their applications are hampering operations," says Harris.

The first step in the hierarchy is basic implementation – essentially making sure day-to-day systems work properly. Next is creating IT-governance policies that ensure credible levels of operational performance. Only after these steps are achieved can the CIO create a broad vision, hope to influence direct strategy, and receive ample research money. Then the CIO can fully participate in moving the company in new directions, according to Harris.

Finally, CIOs and CEOs must both be sure that the vision for IT's value add matches the style of the organization. "You can't have an IT organization that's way out on the bleeding edge of technology when the corporate strategy is risk-averse," says Irwin.

6 – Develop CIO skills beyond technology

In a 2002 survey, *CIO* magazine asked 500 CIOs to name the major challenges they face. Of the following top-five responses, not one was about technology:

- lack of key staff/skill sets/retention (40%)
- inadequate budget and prioritization of budget (37%)
- lack of time for strategic thinking/planning (31%)
- volatile market conditions (22%)
- ineffective communications with end users (18%)

When asked what skills they require most, respondents to the *CIO* magazine study cited communicating, understanding of business processes and operations, and strategic thinking and planning.

The responses are not surprising, considering the list of general CIO responsibilities, which includes planning business technology, developing applications and IT infrastructure and architecture, evaluating enabling technologies, and interacting with internal and external clients to ensure continuous customer satisfaction.

Griffin is quick to identify what he believes is significant. "The absolute No. 1 nontechnical skill is the ability to speak the language of business," he says.

Consequently, CIOs need to develop a broad skill set beyond technology. Among other skills, they need strong business orientation and a proven ability to bring the benefits of IT to solve business issues. They also need keen organizational skills; management ability to centralize IT resources and applications and coordinate business-unit resources and initiatives; and the ability to conceptualize, launch, and deliver multiple IT projects on time and within budget.

"In short, the major task of the CIO today is to simplify and unify processes across functional boundaries, and often across the entire enterprise," says Lena L. West, founder and CEO of technology consulting firm [xynoMedia Development](#). "This requires an unprecedented level of collaboration with the line managers and business units who own those processes."

West explains that given the vagaries of uncertain economic times, CIOs would also do well to acquire a number of "soft" skills, including the following:

- **Business Communication:** CIOs must be able to relay complex technical ideas in a nontechnical manner to business leaders.

- **Quick Action and Change:** The technology industry moves very quickly; slow movers almost always pay the price.

- **Harmonious and Fair Temperaments:** Technology has played a large role in the diversification of the modern workforce, but with increased diversity comes increased discord.

- **Global Outlook:** With the advent of the Internet, nearly any company can be global, which brings more competition, different cultures and customs, and multiple technology standards.

7— Know when and how to partner

Few companies are in a position to conduct internally all the business processes required to run a company effectively. The [Yankee Group](#) research firm reports that 55% of U.S. Fortune 1000 companies outsource at least one or more major business processes. And for good reason: Outsourcing provides several benefits for IT projects, including the following:

- increased ROI due to reduced total cost of ownership
- enhanced cost savings that can be used to take advantage of marketing opportunities
- rapid time to market for deployment and implementation
- reduced annual IT operating costs
- fewer resource and existing technical-infrastructure limitations
- improved service levels and response times
- sharpened focus on core business activities

"Few enterprises can or should attempt to deliver all the IT required to run the business, so the question becomes what portions of technology should remain in-house and which should be parceled out to partners," says Irwin.

He suggests the following three strategies for successful partnering: 1. Retain your intelligence, strategy, and

competitively advantaged systems knowledge in-house. 2. Outsource with a long-term strategic view rather than for short-term financial gain. 3. Pick your spots – make your decisions on individual functions within the enterprise.

“I outsource what is tactical and insource what is strategic,” says Go. “I’m happy to outsource help-desk and certain application-development activities, but I’ll always keep project management internal because it’s mission critical to our organization.”

Most enterprises lack a framework for effectively conducting vendor due diligence, according to Carrie Lewis, the Yankee Group’s senior analyst and author of the report, “The New Rules of Vendor Due Diligence.” Lewis cites a variety of factors that may complicate the due-diligence process, including the increasing complexity of solutions; the addition of services delivered from offshore and remote locations; the instability caused by deregulation, mergers, and acquisitions; and the sheer number of computing-technology vendors.

“When looking for an outsourcing partner, you need a good fit as well as a good performer. If the provider is out of touch with what drives your business and the dynamics of your marketplace, you will suffer,” Irwin says.

Lewis suggests that enterprises evaluate potential vendors on how well they prove their ability to deliver on their promises and claims. They should also indicate knowledge of your industry, validate their financial viability, and demonstrate the robustness of the solution with a pilot project.

Likewise, Bostrom advises that companies aggressively negotiate multilevel contracts with vendors that address innovation as well as cost savings. “Make sure the contracts include service-level agreements and components that reward innovation and customer satisfaction,” she says.

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