- Well-worn habits, such as retaining outside consultants or coaches, rarely result in systemic change. Rather, they drive refinements or organizational tweaks that might not be sustainable.
- Both internal (line of business) and external (customers and evolving social media technologies) forces are driving technology changes that affect more than just companies' technology plans. They can also change the way the market views your brand.
- The key question CIOs must ask is not, "What should I do with my organization?" but instead, "Who do I want to be in order to drive value?" and "What will my culture support?" We'll examine answers to these questions in subsequent chapters.

Note to the CEO

To transcend established practices and drive change, IT executives need your influence and reach. After all, you promoted that technology director to CIO. It's only fair that you're now willing to help develop your CIO's strategic savvy, highlight her as-yet-untapped coaching skills, and help her delegate more operational responsibilities.

Sometimes executive edict is the only way to leapfrog some of the well-worn excuses discussed in this chapter. As you continue reading, stay aware of ideas that might work at your company. Be prepared to not only advocate them but to also support your leadership team in changing roles and responsibilities, accelerating delivery processes, and rebranding IT. In the next chapter, we'll discuss where to start.

The IT Leader's Identity Crisis

Don't let the days go by
Could have been easier on you
I couldn't change, though I wanted to
Should have been easier by three
Our old friend Fear, and you and me

—Bush, "Glycerine" (1994)

Today's IT leaders are haunted by the idea of their own unmet potential. Chief information officers. Chief technology officers. Vice presidents of application development. Chief data officers. Centers of excellence directors. Chief architects. These and other IT managers are confronting the entrenched assumptions, legacy technology paradigms, and general cynicism that have branded enterprise IT.

The consensus among both IT and business professionals is that change is not only necessary but it is also inevitable. The problem is that many leaders are at a loss for what to do. Justifications for inertia may look like so much idle excuse making, but in reality the typical excuses are often barriers that are difficult to overcome. The usual ones include these:

- **"They don't give me the authority I need to do what needs to get done."** Expectations of the CIO range from fast deployment of commodity technologies to being the fulcrum for a range of diverse business requirements and their automation. Empire building, turf wars, plodding delivery speed, and cost overruns aren't exclusive to IT. But business unit leaders have their own problems, and if they

don't understand how IT can help them with those problems, they simply won't engage.

- **"In order to build new things, I need to destroy old things."** I heard this one from the CIO of a Japanese auto manufacturer, who went on to explain that the task of sunsetting three legacy mainframes and replacing them with a combination of enterprise application and cloud solutions would take him the better part of three years. The trouble was that the business's perception wasn't that the 40-year-old mainframes were costly and slow. It was that *IT* was costly and slow. By the time key business processes had been automated anew, the CIO was gone.
- **"When they hired me, they didn't know what they were recruiting for."** IT leaders who say this are partly at fault for not asking the right questions. But the point is well taken. What companies say they're looking for—for instance, "a strategic thinker who can collaborate with strong leaders across functions, promote growth, and drive a digital strategy"—may turn out to mask the need for someone to manage network upgrades and craft a BYOD policy.
- **"The CEO told me I'd have influence beyond just technology."** Sometimes this is nothing more than the complaint of a CIO who hasn't earned the right to collaborate on more strategic conversations with his or her executive peers. But it's just as likely to be the failure of a CEO or other senior leader to understand the potential of technology to help the company enter new markets, pinpoint attractive acquisitions, or nab additional customer segments. It's a variation on the prior excuse, since often a technology leader is only as effective as the clarity of the mission.
- **"There's no mission here."** Some of the saddest IT leaders are those who, when it comes to a higher calling, have to define that higher calling themselves. Questions about where the company is headed, requests for strategic plans, and even online searches of the annual report leave beleaguered CIOs in largely operational roles, regardless of their many talents. Thus, even experienced IT leaders who may have excelled at their prior companies, or may have even filled other leadership roles, aren't allowed to contribute what they're capable of. Instead, they are relegated to operations management at the expense of helping to drive strategic direction.

These issues, and other reasons why IT leaders are questioning their positions, all speak to not getting power, and not being given power. (The two aren't necessarily distinct from one another.) But at the end of the day, they come down to two things: the ability of the company's executive leadership to include IT as a strategic lever and the tendency of the culture to allow this to happen.

Who Do You Want to Be?

In Chapter 1, I asked my client Mike, a CIO at a major northeastern financial services firm, who he wanted to be. He obviously hadn't heard that question before, and it threw him. He was expecting what he'd always gotten from his trusted advisors: a new framework he could socialize to revive interest in IT. A roadmap he could show the CEO to prove that he was on the right track. And a PowerPoint org chart that he could tinker with during conference calls. I had to break the news to him: there is no template.

As I explained to Mike, joining a new company is a lot like the first day of school. You come into the classroom and you take a seat. Then, over time, you figure out where you really want to sit. In other words, there's a seat you want to fill, and it's empty. It may be toward the front, closer to the teacher, or it may be at the back of the classroom where you can observe all the action. The point is that you're not stuck where you first sat.

Effective leaders get this. They understand that they have to earn the right to sit where they want. And where they start out is not necessarily where they'll end up. But categorizing IT leaders into personas or "types," à la Myers-Briggs, doesn't solve the entire problem. After all, you can anoint a CIO as an "innovator," but if the rest of his organization is maintaining legacy Cobol code, how innovative is he? It's true that the behavior preferences of the team can inform the model for the entire organization. But that's a more valuable conversation in the context of hiring complementary skill sets into your organization, and we'll talk about it in Chapter 7, "Innovation, Going Digital, and Other Uphill Battles."

There's also a recent move to define two different "speeds" for IT, one inwardly focused and operational, the other externally focused and innovative. Though convenient shorthand for determining an organization's proclivities and informing investment strategies, that perspective ends up being too simplistic and not doing justice to either category. And in the case of two-speed IT, the true challenges lie between fast and slow.

There's an issue that's more urgent than velocity, and it's that IT leaders must decide first how they define success. They need to be honest about their "as-is" environment and define their "to-be" state. Once they do that, the path forward becomes much clearer and the conversation about speed takes on a new relevance.

Defining an IT organization's ideal state isn't trivial. It involves understanding your internal brand so you can set about transforming it, determining the scope of IT's contributions, classifying both internal and external customers, and understanding looming opportunities. Knowing the answers to these questions will bring you that much closer to answering the question I asked Mike: "Who do you want to be?"

The point is to think holistically at the level of working systems rather than, as tempting as it is, at the level of individuals. Categorizing IT organization types also factors in individual behaviors. In this way, IT leaders can understand not only who they want to be but also what kind of organization they want to lead into the future.

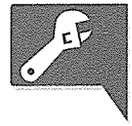
The Six IT Archetypes

In working with companies across geographies and industries, I've observed six different organizational behavior sets in IT. I call them *IT archetypes*, and they connote not just theoretical models but actual focus areas, structures, and behaviors.

These archetypes can either be *actual*, signifying the current state of IT at your company, or *aspirational*, serving as a desired future state. Each is distinct in its own right. Depending on your company's culture, each of them has its own reputation, an internal brand. One company's operational manager is another company's bureaucrat. One company's IT broker is another company's cowboy. Management guru Peter Drucker was right when he said, "Culture eats strategy for breakfast."

Your company's culture very likely is what has informed its current IT archetype. Whether you use these different models to explain your current state or inform your vision, they can help reveal your company's appetite for change.

Type 1. Tactical



CIOs whose organizations fit the Tactical archetype are commonly acknowledged for keeping the lights on. The good news about this is that most corporate business leaders will acknowledge that business couldn't happen without the infrastructure these IT groups sustain.

The bad news, of course, is that this type of IT isn't sexy. Worse, it's being increasingly commoditized.

Never mind the fact that the CIO of a major bank earned his stripes by deploying a core banking system that has kept the bank operational for the past two decades, or that the chief network officer of a cable company essentially runs the pipes that keeps the company in business. When IT leaders in this mode excel, they're extending the core foundational capabilities of their companies.

But executives are increasingly expecting more than what one CTO calls "maintaining the dial tone."

You know when your organization fits the Tactical archetype. Conversations with senior executives and peers consistently involve outages, uptimes, and upgrades. You are sought out for input not on business issues but on operations, automation, and cost. You'd like to drive a racecar, but they keep handing you a shepherd's staff and sending you back out into the pasture.

How do you know when you're ready to transcend Tactical? Here are some indicators:

- You get a budget for moving infrastructure or "steady-state" applications into the cloud.
- You are allowed to hire a senior-level manager to maintain these systems.

- A so-called IT modernization effort has been sanctioned across management lines, providing not only the funding but also the support necessary to overhaul outdated legacy systems and reallocate key functionality to more optimal owners both inside and outside the firm.
- The board of directors starts asking questions about the digital enterprise, big data, or other emerging business trends that mandate new technology and procurement processes.

Being tactical should not be dismissed as an anachronistic model responsible for the widespread disaffection with IT. Many large telecommunications companies and banks have thrived for decades in this mode.

For emerging IT leaders, running a department that fits the Tactical archetype can mean a way to earn one's way into the executive ranks. The Tactical archetype allows up-and-coming IT leaders to tackle complicated systems and prove they can apply new processes and skills to traditional IT environments. This can enhance the opportunity to examine other IT archetypes from a position of strength: there are platforms in place and an established systems infrastructure that's robust and proven. IT leaders can thus spread their wings, either within or outside their current companies.

Type 2. Order Taking

In their haste to be seen as business enabling, many IT departments master the art of release management. Business units approach them for new projects, which they unfailingly insert into a development pipeline. Despite protracted wait times and multiple iterations, business users eventually get what they asked for, and they are grudgingly satisfied. In these organizations, IT is even described as "business focused."

In the best scenarios, requests for IT resources are guided by an overarching mission that is represented by isolated business requests and fulfilled accordingly. The IT leader admonishes his teams to deliver against requirements, and they do.

At worst, the Order Taking approach marginalizes IT. The requestors not only tell IT what they need but often how to deliver it. It's as if IT were one big factory, churning out so much new code, turning the raw materials into finished goods, and awaiting the next fulfillment request. The requestors themselves may have only a partial understanding of how the envisioned functionality helps the business, and they may end up asking for a Band-Aid rather than a cure.

These days, far too many IT professionals confuse saying yes with being business focused. "If we say yes," the IT thinking goes, "they'll endorse us. They'll compliment us in front of executives, enhancing our reputation and cementing our value."

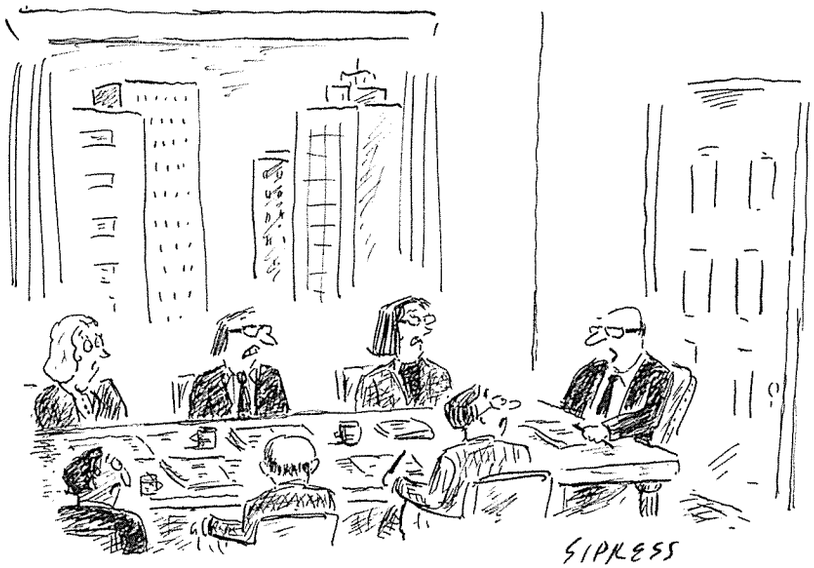
Not so fast. As Abraham Lincoln famously said, "You can't please all the people all of the time." And with the current resource constraints on IT organizations, saying yes to one request often means saying no to another.

The model of "We're here to help, what do you need?" is often accompanied by a backlash when budget cuts and headcount limits mean that saying yes is no longer the de facto response. Business constituents who once unfailingly lined up to take a number are now calling systems integrators to build their applications.

Some IT leaders don't even recognize that they're in Order Taking mode. Here are some of the indicators that they still are there:

- There is a preternatural emphasis on requirements documents and functional specs. While these are important, they are rendered holy in order taking environments where fulfilling exact specifications is synonymous with excellence.
- Developers jockey for projects involving new or emerging technologies, often inciting bitter political feuds.
- There is little understanding of the context of certain requests. "We need to reconcile customer email addresses" is a different problem than "Our new digital strategy needs to factor online purchase frequency into overall customer value." This lack of clarity can lead to the delivery of incomplete or one-off solutions.

The Order Taking archetype might be a means to an end. While programmers get busy fulfilling legitimate business needs, IT leaders can nurture gradual changes, perhaps collaborating more fully with business leaders on their end games, rather than functioning in isolation while imagining that doing so will help them get to where they want to be.



"Today's meeting will be endless, with a half-hour break for lunch."

Type 3. Aligning

In the mid-1990s, I consulted for an automobile company that was rife with politics between the business units and enterprise IT. Accordingly, the CIO instituted a new structure in which each business unit was assigned an IT representative called a "business relationship liaison" (BRL). These BRLs were colocated with their business constituents, ensuring that they were intimate with not only the business vocabulary but also with the evolving business initiatives that would require IT.

When this alignment model worked, the BRL had the full confidence of business colleagues. She was trusted to represent their needs back to IT, and she was often positioned as the face of the business to the rest of the company. She spoke their language, presented their plans, and advocated on their behalf for resources and budget. And the business unit was rewarded with regular new functionality and relevant technology solutions.

When the alignment mode wasn't effective, it usually came down to the BRL not having the organizational authority, or the appropriate business

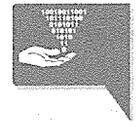
expertise, to represent the business unit's requirements. One BRL had transferred from representing sales to the financial services business unit, and he struggled with the jargon of a division that was less of a car company than it was a lending institution. He was consequently left out of important meetings, discovering after the fact that IT had been bypassed altogether for an important credit risk scoring project.

Every IT leader is trying to improve business alignment. Here are some indicators that your IT team has Aligning as its primary archetype:

- The team has formalized business-facing IT roles. Depending on the company's size and scope, this could mean anything from assigning individual business analysts to each department to dedicating line-of-business CIOs.
- The team uses business unit plans to inform a central IT-specific plan. This process is formal and performed on a regular basis.
- The team manages discrete requirements and development pipelines for each business unit, combining them into a central IT roadmap.
- The team enables information technology SWAT teams or dedicated IT organizations within lines of business, reporting to a central CIO or CTO.
- The team holds regular status updates or strategic planning meetings sanctioned—and often attended—by both business and IT leadership.

The best indicator that Aligning is your company's IT archetype is that the alignment isn't simply indicated by job functions but also by processes and behaviors that give it teeth—and staying power.

Type 4. Data Provisioning



I'll admit to taking secret enjoyment listening to executives explain why they need to manage data as an asset. "Data is the new oil!" they declare (or the "new water" or "the new air"). "And the more data we have, the faster we can get out ahead of our market, and the smarter we can be about our customers."

I ask them if they believe their corporate data is an asset.

"Yes!" they insist, usually elaborating on how centralizing customer data in a data warehouse saved them millions of dollars, or even explaining a recent decision to fund a big data project, the goal of which was to pinpoint product component errors before they occurred or to predict customer attrition or the next likely purchase.

Then I ask them if they are willing to invest in data proportional to their other corporate assets. Many are flummoxed by the question, eventually admitting that they'd never thought about investing in data in its own right. Some argue that data is a by-product of the applications that generate it and thus should be funded by individual development efforts. Others appear crestfallen, as if their favorite dining spot just got downgraded by the health department.

The fact is that data is the raw material for a host of heretofore unforeseen products, services, and business processes. (If data is the "raw material," then information—where context is applied to data—represents the "finished goods.") Data is coming into and out of our companies at rates unimagined even a decade ago. The amount of data created every day by business alone is equivalent in volume to the digitization of everything anyone has ever said. Statistics like this abound as more and more information enters and exits our companies through a veritable revolving door of systems, subscriptions, and partnerships.

But ask decision makers in your company if they have all the data they need in order to do their jobs. Or what they could be doing if data were easier to locate, access, and understand. You'll hear sad stories about lost deals, abandoned acquisitions, product pricing and dimension errors, inaccurate revenue numbers and customer counts—sometimes discovered only after they've been reported to the street—stores or branches being built too close together, and mistreatment of high-value customers. These stories are legion, and they are very often accompanied by tales of irate company executives. I've heard all these mistakes and others. What they have in common is that they cost companies billions in escalating expenses and lost revenues every year.

Which is why some IT executives are starting to model their organizations around the ability to inventory, access, annotate, regulate, correct, integrate, validate, test, and deploy company data. The systems, applications, tools, and even the skills involved in this work become core to IT's

value proposition, while other more operational capabilities are gradually outsourced.

Not only are executives starting to see the potential of harnessing the growing volumes and types of data for greater insight but they are also increasingly compelled by the possibility of monetizing their corporate data. Integrating, aggregating key data, and offering that data digitally to suppliers and partners for a fee can be a tremendous revenue source for forward-thinking companies.

For instance, general merchandise retailers are aggregating customer purchase histories, masking personal identifiers, combining the purchase data with demographic and social behavior data, and reselling the resulting reports to consumer goods firms who might be considering changing their packaging or paying for premium shelf space. Banks, insurers, and hospitality companies, along with retailers, routinely use advanced analytics to determine optimal product mixes to be directed to specific customers or customer segments. Casinos that give out player cards can monitor customers' gaming, shopping, dining, and entertainment activities, sending real-time offers to their smartphones to incent them to book additional stays at their hotel properties.

Characteristics of the Data Provisioning archetype are these:

- The company maintains a robust inventory of data from both internal and external sources.
- The company is comfortable with the security and privacy issues of key data sources being shed to the cloud or outside the firewall and has instituted the accompanying policies.
- The company establishes rigorous processes for ingesting data internally and deploying it externally.
- The company has invested in data-specific IT skill sets separate from the systems and applications that generate the data.
- The company has been able to quantify the value of business intelligence and analytics across organizations and products.
- The company invests in processes like data profiling, validation, cleansing, and master data management, along with the appropriate

software, that are dedicated to the ongoing improvement and relevance of data.

- The company has earmarked big data or other strategic data trends as critical to its success.
- The company sustains an authoritative data governance board composed of leaders in both business and IT.
- The company supports experimentation—a.k.a. "data discovery"—to yield unanticipated and often breakthrough insights.

Few IT organizations belong in the Data Provisioning archetype, and moving in that direction is a calculated bet. But executives are increasingly realizing both the qualitative and quantitative value of their data and its role in supporting digital strategy and innovation, and they are willing to make significant investments to move in the direction of data.

Type 5. Brokering

There are IT leaders who want to own everything. You've seen them: they'll fight tooth-and-nail for control and not cede an inch. Sometimes they're justified, bringing a hard-won and reality-based perspective to operational challenges that are more than often knottier than people realize.

But sometimes this behavior is based on a fear of the slippery slope. It's as if, by giving in this time, they'll begin losing ground. And there will be no stopping it.

Some CIOs are perceptive, seeing where their value lies and offering what remains to business partners and other ventures, thus transforming their IT organizations from being centralized and slow moving to being nimble and connected. The Brokering archetype relies less on a single organization, and more on a network. The network will likely encompass both insiders and outsiders. This requires being circumspect about the IT organization's competencies and bequeathing what's left.

"We want to become an integrator of systems that might not yet exist," says Michel Loranger, chief information officer of the Canadian insurance company SSQ Financial Group. "The future of our organization is to put

people where they can really create value. So if there's a packaged application, we'll buy it. And management is newly receptive to the cloud. So we're seeing a shift from people working on development teams to people using partners and deploying what already works. Moving forward, we won't be seeing a lot of development from scratch."

IT groups in brokering mode apply not only a deep understanding of their own strengths and weaknesses but also their superior relationship building skills to cultivate collaborative partnerships with a potentially diverse group of players. They understand when it's time to outsource nonstrategic activities, and they have established a network of providers who can take them on. When a line of business has a requirement, the IT department will initiate repeatable processes to determine if the requirement is served best inside IT, elsewhere in the company, by a vendor or systems integrator, or out in the cloud. Suppliers, research scientists, programmers, designers, universities, customers, and even competitors may all be members of the network, and all of them may participate according to their charters.

In a brokering scenario, the business grows to depend on IT for building and maintaining this web of relationships. Sure, it may mean that more plates are spinning. But agile engagement and development processes are formalized, and deployment is faster than ever. IT handles procurement, so it can continue to evaluate not only the pricing of its partners but their performance as well. Everybody wins.

Characteristics of a Brokering archetype include these:

- A partnership network is developed across a range of competencies, and performance metrics are tracked for each.
- There is a willingness to divest in legacy systems.
- The company scales back in-house staff in favor of contract workers or more formal systems integration partnerships.
- There is a history with or familiarity with key vendors and suppliers who may be able to bring critical work efforts or systems on board quickly and effectively.
- A close working relationship exists with—or there is ownership of—the company's procurement function to ensure optimal pricing and service terms.

And a bonus: brokering is an attractive option for CEOs weary of calling for cost savings and speed of delivery improvements that have until now yielded scant benefits. According to Gartner, partnerships, alliances, and "value networks" of individuals and companies that can take on the work IT leaders no longer consider strategic are among the top five priorities of today's CEOs.[1]

Of course, the Brokering archetype means ceding control, if only temporarily, because when this model works well, control of how individual projects are deployed gives way to control over the optimal delivery channels. Those channels are subsequently rewarded with fees, prestige tiers within the network, and follow-on work.

Type 6. IT Everywhere

Occasionally you'll hear an IT leader say something like: "I know I'm doing a good job when I render myself dispensable."

Huh?

These executives may be reading the writing on the wall. Either shadow IT has become a reality in their organizations, or they've discerned that business units are competent to deploy their own technology solutions and what can't be developed can be pushed to the cloud.

Even executives who avoid the news can't be immune to the trend of IT consumerization. The Internet is delivering our vital signs to our smartphones, free play offers to our gaming consoles, and traffic statistics to our car windshields. Technology is everywhere.

IT Everywhere goes beyond the Brokering archetype, in which IT may still deliver key projects in-house while simultaneously cultivating a broad network of specialty technology providers by shifting the control of technology to those who use it.

Instead, IT Everywhere applies to inside the company and to the outside world. Finance buys its own general ledger software or outsources it to a cloud provider. Sales might choose to administer and maintain the product catalog and price list while outsourcing compensation and territory management. Customers manage and update their own profiles. IT is no longer a black box where all the magic happens (or doesn't). With IT Everywhere, IT becomes a thin layer of program oversight that monitors progress,

reports on delivery, and projects future demand. It might not even be called IT anymore.

Interestingly, when some CIOs propose evolving toward IT Everywhere, many business leaders initially love the idea, but they then reject it. Sure, they've been complaining about IT, but that doesn't mean they're ready to take on technology themselves! It's a validation that the other IT archetypes still have some juice.

Nevertheless, a few IT leaders have begun putting the building blocks in place to support IT Everywhere. This means:

- IT development staff members are shifted into the lines of business. Some CIOs work with their business peers to establish "apprenticeships" in which IT staff colocate with business counterparts and watch them do their jobs. Thus they learn the vocabulary of the business (not to mention the personal relationships) and increase their readiness to join the business ranks when the time comes.
- A cloud deployment framework is formalized that applies metrics to outsourcing providers and enforces service-level agreements (SLAs).
- Independent entities are mobilized into a development network to build individual components of technology solutions that can contribute to a larger deliverable. This often requires new capabilities around performance measurement, collaboration, and oversight.
- A program management office (PMO) framework or some other governing body is introduced to monitor technology initiatives, track technology delivery from both internal and external organizations, and regularly update senior managers on progress.
- A willingness exists to sunset initiatives that aren't driving value and to otherwise "clean house." IT Everywhere won't work if it's bogged down maintaining brittle legacy systems or supporting multiyear projects.

Many see IT Everywhere as being the wave of the future. They believe it will place control of technology adoption and deployment in the hands of the businesspeople who are effectively the consumers of that technology, and they believe it will provide the oversight necessary to centrally track and holistically interpret value.

But this is easier said than done. It requires a multiyear roadmap, willingness of key staff to surrender hopes for a predictable organizational future knowing that new opportunities will arise, and solid relationships with external partners willing to assume more risk and accountability. Perhaps the hardest part is establishing a new set of behaviors that will, over time, bring IT leaders even closer to the business.

EXECUTIVE PROFILE

Sahal Laher, Brooks Brothers

"If I look at trends," says Sahal Laher, the CIO of 196-year-old retailing pioneer Brooks Brothers, "I have to say the biggest one is IT breaking down barriers. It's not about 'this is an IT project, this isn't an IT project.' They're all business projects. If you're busy protecting your IT silo, then you're just not strategic."

Laher was answering one of my questions on the future of IT. A retail veteran with management stints at Accenture, Deloitte, and Stride Rite under his belt, Laher places a premium on driving the value of technology. He'll tell you that this value is often despite IT, not because of it.

"People get that technology isn't a silver bullet," he says. "We need to redefine business processes, and we need to look at how we go to market before we shoehorn in a technology solution and pray that it solves all our problems."

So how is Laher tackling the technology challenges of a perpetually growing global retailer—and a household name?

"Well, I didn't walk in here and inherit an IT strategy. I needed to spend time with my peers on the executive team and with the business function heads. They helped me understand the critical business priorities and how we could partner together to make them happen—not only to enable technologies but also to fix business problems."

Recognizing that the scope of a global brand meant different solutions for different markets, Laher implemented an enterprise IT strategy that drills down to specific Brooks Brothers regions. Focusing on a mixture of cultural successes and best practices, Laher's team rolls out

geographically focused solutions. "We always have to ask, 'What will this look like in Japan? How will it be different in Europe? And what about China?' A cookie-cutter approach won't work here. There are different ways to go to market, different regulatory issues. We have to be regionally aware."

Global Brand, Global IT

Laher puts an equal emphasis on the culture of his own team. "We spend a lot of time at work. So we need to be collaborative and innovative. That's part of why I joined the company in the first place."

Laher admits that prioritizing IT initiatives is a bit of a juggling act. He also acknowledges that many IT departments have a culture of saying no. Part of his prioritization process is triangulating three factors: scope, resources, and time.

"We need to balance our capabilities," he says. "If we consider these three factors, we can work with the business to come up with solutions together. For instance, if a project's scope is expanding, maybe we bring in some consultants to augment the team. If we make the business aware of the trade-offs, then IT can be transparent. We won't be a barrier."

Part of the transparency Laher values goes back to the vision of the company. He acknowledges that an established brand means that constituents both inside and outside the company may have set expectations. But he insists that's an opportunity to innovate and drive the business to the next level.

"There are two kinds of CIOs," he says. "There are those who are very content to keep the lights on. They're not doing a lot of transformation. I think I'd be bored with that kind of job. The other end of the spectrum are those CIOs who challenge the status quo and evolve their firms' capabilities. That's not for everyone, and it's not for every company. But it's right for us."

Listen and Act

Laher knows that not all companies have such a rock-solid vision, and not all CIOs play a strong role in IT driving corporate growth. In an earlier

(continues)

leadership position, he remembers, "Once a month, I'd give the CEO an update. But here, I can say that IT is on equal footing with other lines of business. I participate in meetings with other C-level executives where we can recalibrate our outlook for the coming quarter and refine our approaches. At minimum, I talk to the CEO on a biweekly basis, but there are multiple forums, so sometimes we end up talking daily."

Laher makes room in his budget for innovation because he considers it not just a strategic advantage but also a way to keep his workforce happy and engaged. We're always asking ourselves, 'What's the best practice for this?'" he says. "Our organization is full of good ideas. So we listen to them, and a large percentage of the time, we act."

Getting from Here to There

When reviewing the six IT archetypes, many IT leaders who consider themselves strategically aligned immediately look for a "strategy" archetype. Why no separate model for strategy? Because—depending on factors like your industry, incumbent infrastructure, vendor standards, and even the company's age and history—each of the archetypes described can be strategic in its own way. For instance, some insurance companies consider their claims databases strategic, even though they were built in the 1980s using mainframe technologies and network databases. Others rely on innovation to help realize fresh strategies, relegating everything else to outsourcers or the cloud.

After reviewing these archetypes, you're probably thinking that your IT department is a unique amalgam of all six. You might be right. But each IT department has a dominant set of behaviors that, for better or worse, defines it. People outside of IT rarely understand the complexity, nuance, and trade-offs that IT departments confront every day. When evaluating the six archetypes, it's helpful to ask, "What's our *primary* model?" This should help you focus on where you are—and where you want to be.

Drawing on these definitions, we can encapsulate each of the archetypes according to the IT department's expertise, behaviors, and core competencies. Table 2.1 illustrates an effective comparison of the six archetypes, including examples of initiatives that typify them.

TABLE 2.1: A Comparison of the IT Archetypes

	Tactical	Order Taking	Aligning	Data Provisioning	Brokering	IT Everywhere
Function	Maintains existing applications and legacy systems	Enables technology delivery to various lines of business	Supports business objectives of individual business units through technology	Creates processes and systems that streamline the access and deployment of cross-functional data inside and outside the company	Vets and sanctions optimal technology providers both within and outside the company	Sheds functional applications into business units; outsources commodity systems and shared infrastructure
Value measurement	System uptime and cost containment	Application delivery and conformance to requirements	Technology delivery in the context of often-heterogeneous business goals	Qualitative (better brand recognition) or quantitative (lower supplier costs) as a result of data usage	Best-in-class technology solutions; optimal investment allocation	Dispersed ownership and accountability for technology; low management overhead
Core competencies	• Cost reduction and management • Operational efficiencies • Financial risk management	• Formal processes for incoming requests and pipeline management • Tool sets for progress tracking, delivery scheduling, and release updates	• Synthesis of business plans into a holistic IT roadmap • Relationship management • Program management	• Robust processes for ingesting and deploying data • Ability to integrate heterogeneous data types • Authoritative data governance structure and team	• Research and market expertise • Contract and procurement processes • Skill set delineation • Negotiation skills	• Forward thinking and able to anticipate benefits and consequences • Contract and procurement processes • Negotiation skills

(continues)

TABLE 2.1: A Comparison of the IT Archetypes *(continued)*

	 Tactical	 Order Taking	 Aligning	 Data Provisioning	 Brokering	 IT Everywhere
Risks	Considered overhead by constituents, thus a target of cost cutting or staff cutbacks	Seen as a commodity; constituents permitted to use external or nonsanctioned resources in lieu of IT	Often only as effective as the least happy business unit; is especially true when IT is resource constrained and there is a backlog of requests	Focus on data and information at the expense of operations; protracted "discovery" projects sometimes leading to disaffection	Loose control over partner delivery outcomes	Business ownership of technology mandates departmental structures, skills, and executive support
Typical initiatives	Sunsetting or replacing outdated legacy systems; storage or network upgrades	Customizing packaged applications or provisioning reports	Vendor research to support marketing's new customer experience management initiative	Streaming sensor data on patient vital signs to doctors' mobile devices	Outsourcing proprietary billing systems while commissioning in-house data scientists to calculate credit risk	Recruiting for the finance department's new business unit CIO
CEO's view	Distant and heavily intermediated	Continues to approve funding, but is likely to marginalize IT as a service provider	Is kept informed of progress on key initiatives, usually on an as-needed basis	Engaged on opportunities and initiatives, regularly on strategic projects	Stays current on progress and engages teams in high-level planning meetings	Considers this model a differentiator; includes key players in high-level strategy and planning

Still wondering which archetype best fits your IT group? When in doubt, consider how your organization behaves when it's under stress. Do you revert to heads-down operations, doubling up resources to make sure things run smoothly? Do you look to outside partners for help? Do you cast off systems or teams that are underperforming?

In a *CIO Magazine* article, retired Fidelity Investments executive Bob Ronan asked, "Is Your IT Shop a Scrambler or a Leader?"[2] Irrespective of the IT archetype you might have now, if you're perceived as producing, you're in much better shape than if you're perceived as reacting.

Top Down or Bottom Up?

Chances are your company's priorities are dynamic, with changing strategic focus, recently launched projects, a demanding customer community, and funding that ebbs and flows. These forces and others can either render you inert, locked into a particular IT archetype whether you like it or not, or send you searching evermore urgently for a new model to adopt and proselytize. How do you know you might be ready to make the shift?

Often a company is ready for a wholesale change to IT, but it doesn't know it yet. In this situation IT leaders need to start promoting new ways of working. They'll do this in one of three ways:

- **Top down.** In a top-down culture, strategic initiatives and cross-functional projects typically inform the scope of individual development projects. These projects are often enterprise level in scope, require significant investment, and are very visible. Such projects can be the initial grounds for IT transformation efforts, in effect allowing IT leaders to test and retry key changes in the context of important business goals.

- **Bottom up.** Companies that work in a bottom-up way often launch grassroots projects or prototypes that need to prove value before being more widely adopted. IT leaders can introduce new job roles, team models, and investment structures into these projects in an effort to "land and expand" new behaviors.

- **Hybrid.** Some companies combine top-down and bottom-up cultures. IT executives must thus ensure that their organizations support sanctioned and visible work efforts while at the same time applying tactical improvements at the departmental level. Even large, enterprise-scale projects spawn subprojects that might end up as the proving ground for new technologies, ownership models, or even IT archetype changes.

One force that's very effective in evolving the IT organization is a perceived sense of urgency. Trends like digital marketing, cloud computing, omnichannel, and big data are forcing different and often difficult conversations about IT's identity, and thus inviting IT restructuring.

Don't Give a Damn 'bout My Reputation

No matter what its size, every organization has a reputation. Your team is no exception to this. (If you don't know what your team's reputation is, odds are your people are protecting you from the truth.) The reputation is rarely articulated, but mostly implicit. You've probably witnessed the gestures, the roll of the eyes or the wave of the hand, when a second-rate team with a less-than-stellar track record comes up in conversation. When a team underperforms or is deemed mediocre, words are unnecessary.

The self-assessment in the next chapter can help you determine your department's reputation. Complete it, and then refer back to the six archetypes in this chapter to determine the future-state archetype that could improve your reputation.

IT leaders who are newer to their companies—often hired to help the company adopt emerging technologies and establish new ways of working—have an easier time redefining the rules because they're not saddled with historical organizational structures or political loyalties. They can thus take a realistic look at what works. Here's one example of a CIO who did just that.

EXECUTIVE PROFILE

Tracy Austin, Mandalay Resort Group

"When I got to MRG as the first CIO, I realized that IT was perceived as an expensive cost center," says Tracy Austin, the first CIO of the Mandalay Resort Group (MRG), the Las Vegas-based entertainment company. "And the further from the business IT got, the truer this was."

Austin had arrived at Mandalay from Harrah's, which at the time was the acknowledged IT best practice in the gaming industry. Other casinos were all frantically trying to replicate Harrah's loyalty program, Total Rewards—for which Austin led the development and implementation. Total Rewards gathered invaluable customer information that Harrah's could use to analyze its marketing offers and products, thus driving improved customer service and outreach.

Austin credits Harrah's then-CEO Phil Satre for the change to data-based decisions. "Phil understood that Harrah's needed to move from gut feel to fact-based decision making, and he understood that Harrah's needed the right leadership in place to make that shift. He hired CEO Gary Loveman, who made a lot of that real. If Phil hadn't recognized the potential of information to transform the business, Harrah's would never have changed. He moved Harrah's forward, and that moved an entire industry."

When Austin arrived at Mandalay from Harrah's, corporate IT was either pitted against or unaware of the priorities of the properties (the hotels and casinos the company managed nationwide). Not only did Austin have to assume the helm of IT but she also had to define a new position in a company that had labeled IT a "cost center."

Time for a New IT Model

When Austin joined the Mandalay Resort Group, the company had 15 gaming and hotel properties. IT was struggling, there were few formal job roles, and there were even fewer development processes. And she was reporting directly to the president.

"There were no standards," Austin recalls. "And there was no governance. The property heads had their own IT groups, and they didn't really know what was going on in corporate IT. Everyone dreaded the hotel system upgrades—they would always fail. No one was communicating with the properties about what they needed. Things would just implode."

Austin realized it was time for a new IT model at Mandalay. She set out on a listening tour, talking to property heads and other executives about what they needed from IT—and what they didn't.

"The first thing I did as a new CIO was go and talk to my business peers," she says. "I did a little listening tour, and I heard what their needs and problems were. I got a mixed reaction. I heard everything from, 'Thank God, you're here!' to 'What's a CIO?'

"What I found was across lines of business, everyone wanted more information on business performance. Including executives. If you're

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in the gaming business, you're measuring everything from the exact placement of slot machines on the casino floor to the percentage of high-roller guest stays that are comped. You name it, it gets measured. Most IT executives would consider this a systems issue. But really, it's a data issue. We understood this at Harrah's before anyone else, and Total Rewards was the first program of its kind. We knew our customers better than anyone else. We had first-mover advantage. And we did it by collecting and digesting data earlier and better than anyone else.

"In addition, I found that IT results and capabilities needed to improve in a measurable way, and that meant standard IT processes, performance management, and looking at the true cost and value of a project were key—but in business terms, not IT speak."

Austin and her team defined their own success based on three targets: (1) management excellence—through which IT would acquire top talent; (2) return on investment (ROI), which would ensure that IT kept cost savings and revenue generation top-of-mind; and (3) being demand driven, which would force IT to remain flexible in an evolving industry. Austin brought on some qualified deputies, including executive directors who would isolate infrastructure and application development.

It's Not the Hand You're Dealt

Austin was, in effect, blending different IT archetypes while moving, ultimately, toward an IT Everywhere approach. "In the gaming and hospitality industry, innovation is about business processes and service delivery. Everyone's going more mobile, in-room technologies are here, and many early adopter IT organizations are swinging back toward bricks-and-mortar. I like the idea of dispersing IT to where it's needed—one organization can't own everything."

Austin encourages fellow CIOs to depart from their own industry playbooks. "I learned early to go shop my competition. But I also learned to look outside my own industry. When I was at Harrah's, I sat with retailers and grocers. I spent time with people in the travel industry. If I'd focused only on the casino industry, I couldn't have driven as much change."

Now a consultant and advisor to other IT leaders, Austin suggests that they understand business processes to influence change and surface business requirements before acquiring tools. "Very few IT executives do this," she says. "Instead, they go straight to the vendors, and those vendors' software packages drive the business process. One of the things I used to do at MRG was make people create business process maps, understanding the 'as-is' and the 'to-be.' This was part of every business initiative.

"Let's say we're going to put a mobile app out there. If you don't map the business process and desired outcome, how do you know that the new innovation is even going to make sense? How do you know that the customer will experience the benefits? You may have just introduced a new security risk and not achieved any of your business goals.

"And don't get me started on social media," she continues. "It's like in the old days of CRM—people just implement it and then wait for something to happen. Are you doing this because there's a business need for it or because some executive just got back from CES [the consumer electronics show] and can now turn his smartphone into a stun gun?"

Making Change

Austin believes that changes need to start with leaders' own behaviors. "Part of the change IT leaders need to make is to stop trying to educate everyone on the technology they're deploying," Austin says. "They need to adapt to the culture. Use business terms. Don't talk about implementing a data warehouse and why one data loading product is better than another. Talk about how marketing will have insight into targeting better offers to the customers and improving the response rate. Let's face it. A lot of CIOs were promoted based on their technical expertise. They don't engage the business because they don't think they're expected to, or they don't know how. They don't know that they're allowed—heck, they have a right!—to ask the business what it needs."

So how did Austin actually transform IT at MRG? How did she get support for changing the model?

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"I could have asked for support, and I would have waited a long time," she says. "The reality was that a centralized vision for the business wasn't coming given the regional approach. Yet, I was running a centralized service. No one was going to hand me a business plan that I could 'align' with IT. So I drafted a business plan based on what I heard. The regional heads had agreed to attend my steering committee meetings. They listened to me pitch my business plan and explain how IT fit. They suggested some changes, but they didn't push back. That was all the endorsement I was going to get. Ultimately, my instincts were right: by communicating how IT was going to support business goals, I not only changed people's minds, I made IT strategic."

Putting It All Together

I know what you're thinking. You're thinking: "Yeah, those IT archetypes are interesting. But the stuff on my plate involves ALL of them!"

No doubt it does. In subsequent chapters, we'll be discussing how to crystallize key initiatives to establish which target archetype is best for you. After all, this is about the evolution of your internal brand and, by extension, your professional legacy. Regardless of what you might be working on now, understanding where you could be can serve as a beacon to guide you forward.

We'll also be talking about prioritizing all that stuff on your plate. We'll give you a proven process to do it, and we'll also show you how to include some key collaborators in that process. This can establish a collaboration model that sticks.

CHAPTER SUMMARY

Key Takeaways

- There are often legitimate reasons for IT inertia, and many of them have been beyond the power of the CIO or CTO to address. Many reasons, like lack of authority or inability to confront cultural dysfunctions, appear as excuses by IT leaders who seem to be resistant to change.
- One of the biggest sins of the IT leader is not creating a target. After all, change is a means to an end. Show me a leader who cannot articulate where she wants to go, and I'll show you someone guilty of perpetuating the status quo.
- Understanding differing IT models can offer leaders not only a direction to plan for but also an understanding of some of the behavioral phenomena that currently inform their brands. The six IT archetypes can help identify predominant organizational behaviors that you can choose to embrace or overcome.
- One common denominator of IT change agents is that they define or redefine their own rules, often proceeding despite the lack of widespread support. The old adage "Ask for forgiveness, not permission" has proven to be very effective for these leaders.

Note to the CEO

It's your fault. Okay, sometimes it's not, but often it is. Why? Because you're not only leading the company but you're also implicitly or explicitly sanctioning a culture. The culture informs de facto norms at the company that are difficult to confront and even harder to undo. Perhaps no one takes on new projects or innovative efforts? That's because you've endorsed a culture of "No" in which people keep their heads down. Perhaps an ineffective team drags down the entire department? That's because you're managing by personality, not by objectives.

The examples go on and on. The fact is that transcending entrenched behaviors and expectations is hard for any manager, not just whoever's leading IT.

Your first responsibility is to encourage connection. Each of the IT archetypes depends on this. Leaders often assume that *connection* and *collaboration* are synonymous and that this is a personality issue, the natural ripple effect of getting people together. But it's really more about connecting departments to common business objectives. As managers bemoan lack

of business-IT alignment and the fact that each side typically retreats to its respective corner, they hire introverts who simply want to write code or business analysts who insist they're "technical enough" to solve their own problems without IT's help.

In order to mitigate the IT organization to its rightful place as a value creator, leaders should prioritize connection through common business interests, encouraging collaboration through formal rules of engagement between IT and business units. The resulting behaviors should be rewarded.

As businesspeople continue to gripe that IT is slow to deliver, hard to work with, or "behind the times," look to the culture to see what's really not working. And sometimes you can look even closer than that—like, in the mirror.

Self-Assessment One: The Scope of the Problem

According to *CIO Magazine*'s thirteenth annual "State of the CIO" report, only 25 percent of 722 CIOs surveyed felt that their organizations were seen as peers by their business colleagues. And 48 percent of the CIOs acknowledged that their teams were viewed as cost centers.[1]

Is the recurring phenomenon of IT not having a seat at the table due to a lack of leadership? Perhaps senior leadership can't see IT's potential. Or maybe the company is not in enough pain to need IT improvements. Or maybe it's just that old habits die hard. Whatever the reason, the self-assessment in this chapter will help you pinpoint some of the trouble spots that subsequent chapters in the book can help remedy.

Take the Assessment

In the assessment in Table 3.1, answer the questions at the left. For each question, you'll give yourself a score of 1 to 9 by measuring the degree to which the answer is positive or negative. The descriptions in the three columns will help guide you toward the best score.

Be as honest as you can, abandoning your personal biases and any defensiveness that might come up as you relate the questions to your own experiences. As my clients in healthcare always say, the better the diagnosis, the more effective the prescription.