



What CIOs need from CEOs

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Introduction

All CIOs work for a CEO, either directly or indirectly. While experts often talk about what a CIO needs to do to be effective, it is rare to look at the role of other “C” level executives in supporting the CIO or in promoting IT excellence. This session of the CIO Brief asked three different CIOs to look at the question of what a CIO needs from his/her CEO in order to be successful and effective. This Brief presents their thoughts and insights in order to help others see how they could “manage upward” in their organization to achieve the leadership they need.

A Symbiotic Relationship

Kyoko Kobayashi, is the Vice President of Information Technology at Holt Renfrew. She has the overall responsibility for the development and execution of her company's IT strategy. In addition, she has many years' of experience in IT management in other retail and financial positions. She addressed the question of what a CIO needs by first looking at what the CEO needs from his/her CIO. She believes these fall into a hierarchy, much like Maslow's Hierarchy of Needs (see Figure 1).

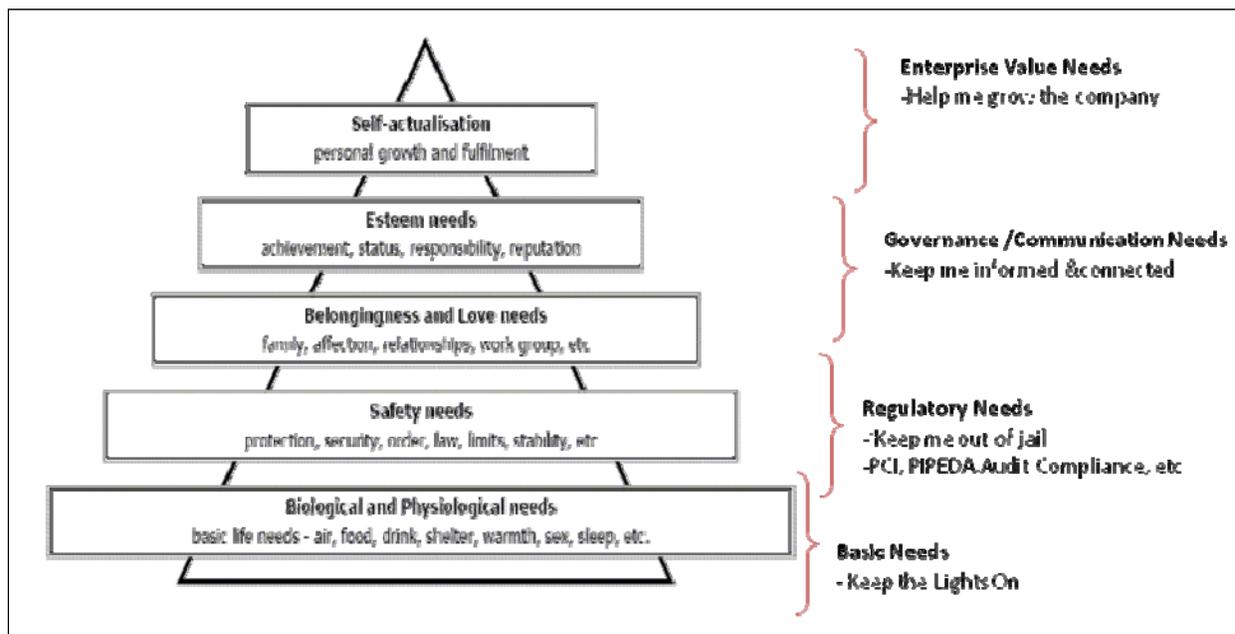


Figure 1. The CEO's Needs of the CIO

At each level in this hierarchy, CEOs have expectations of their CIOs, and CIOs have needs of their CEOs:

1. **Basic and Regulatory Needs.** This level is rarely discussed by CEOs and CIOs, “unless the symbiosis is off”, said Kyoko, because these are “table stakes”. What CIOs need from their CEOs is a chance to communicate the challenges of managing at this level and the flexibility to develop different approaches to managing risk and investment in this arena. “We need an opportunity to demystify this area for executives,” she said. CEOs and CIOs should make time and to explore different ways of balancing capital and operating costs in order to achieve greater synergies. As

well, senior executives need to better understand the importance of regulatory requirements and the risks of non-compliance. "This must be put on the executive agenda," she stated. "And they must understand that reducing expense in this area comes at a cost."

2. **Governance and Communication Needs.** There has long been an expectation that IT should understand the business and align its strategies with it. However, to accomplish this, IT's key role in business enablement needs to be recognized by the CEO. This begins with providing IT with a "seat at the table" in managing IT demand through its participation in corporate governance. As more and more cross-functional initiatives are started, collaboration and communication become increasingly crucial for IT. As well, CEOs must ensure that IT resources are allocated on an enterprise basis and clearly identify the business' top priorities. "The CEO must speak with and for the business as a whole," explained Kyoko.
3. **Enterprise Value Needs.** All CIOs would like to engage in helping set business strategy but this is a role that must be earned, not a right, Kyoko stressed. To do this, CIOs must build credibility in their ability to deliver business value consistently, help facilitate communication across the organization, stay abreast of industry trends and the competitive landscape, and look at business solutions holistically. They need their CEOs to acknowledge the key role of IT in delivering innovative business solutions and facilitating business transformation and to communicate their confidence that IT can deliver on these needs. "At this level, CEO support is crucial for IT," stated Kyoko.

Vision, Mission and Engagement

Gary Davenport is the Vice President of Information Technology for MTS Allstream and is responsible for the definition and implementation of transformational business initiatives using IT in the very competitive telecommunications industry. He has extensive and award-winning experience in business transformation and many years' experience as a CIO in the retail industry. He noted that the fundamental issues between CEOs and CIOs are the same across all industries, although "the pressure points can be different".

When he joined MTS Allstream four years' ago, Gary took over an IT organization that had had seven CIOs in the previous seven years. Thus, his first job was to transform IT before he could begin to add value to the business. He therefore focused first on rebuilding the IT organization and ensuring he had the right structure and leadership team. Second, he tackled IT operations and service delivery, driving costs down by 40%. Finally, he reformed IT strategy and governance to ensure that everyone in IT knew where they were going, how they would get there and how to manage key relationships with the business.

Gary stressed that the CIO's relationship with all "C" level executives is critical to doing the right things for the company and for adding value with IT. "You must demonstrate that you are making meaningful, measurable progress," he explained. "My relationship with my peers is critical to my effectiveness and it takes a lot of work." He also noted that having a good relationship with one's peers helps build credibility with the CEO. CEO-CIO relationship dynamics are governed by several

factors: the CEO's focus and reliance on IT; business strategy and financial performance; organizational factors such as size, structure, politics and culture, and the competence and credibility of the IT function.

He believes CIOs need six "basics" from their CEOs in order to be successful:

1. **Vision.** The CEO must articulate his/her vision and mission for the company clearly. It is then the CIO's job to interpret and implement this vision. CEOs should also keep their CIOs focused on strategy, and prevent them from getting distracted from the main goals.
2. **Strategic Clarity and Consistency.** "Some IT investments take time to deliver their full value," Gary noted. "Consistency of strategy will build sustainability." While this is not always possible, constantly changing strategy and how the company invests in IT will make the CIO's job extremely difficult.
3. **Financial Support.** "Most strategies will need some big investment from the CEO because there are many conflicting demands for IT resources," Gary said. In this area, a positive CIO-CFO relationship can be very important as well because the CEO-CFO relationship is so central. In his experience, if the CIO's relationship with a CFO is not positive it is unlikely that the CIO-CEO one will remain strong.
4. **Internal and External Connections.** CEOs can enhance their CIO's relationship with key suppliers and partners externally, simply by participating in key meetings. Similarly, they can strengthen the CIO's credibility with peers through their calculated support.
5. **Seat at the Board.** IT needs "face time" with the Board of Directors about IT strategy, investments, progress, and opportunities. CEOs may come and go, so visibility at the Board level is critical for consistent IT strategy. CEOs are the gatekeepers to the Board and they can either facilitate CIO participation or inhibit it.
6. **Freedom to Act.** A good CEO demonstrates his trust and respect for the CIO. Through this, he/she sets the culture and framework within which the CIO can operate.

Gary stressed that CIOs typically need to play different roles within the organization depending on where the IT function is when they start, the financial situation of the company and the expectations of the different business unit leaders (See Figure 2). While challenging financial situations may require some CIOs to work in "grinder mode", the goal must always be to drive towards a more strategic role as a trusted business partner.



Figure 2. CIO Role Types

(after the Gartner Group Model)

Gary stressed that CIOs and CEOs should agree on the role the CIO needs to perform in order to accomplish the business' strategy. However, he cautioned that because CEOs tend to change frequently, CIOs should be aware of their personal brand in the organization and develop broader relationships within the executive team.

An Environment for Success

Brian Gill is Chief Information Officer for the Canadian Depository for Securities. He is responsible for CDS' technology strategy, operations, applications and infrastructure. Prior to joining CDS, he also served as CIO at Sun Life Financial and Clarica Life Insurance. He noted that many CIOs don't spend enough time thinking through what will make and keep them successful. Before addressing how a CEO can help a CIO, he first examined three characteristics of successful CIOs:

1. **Personal Qualities.** Successful CIOs are authentic, trustworthy, confident, dedicated and credible. They empower others, build enduring relationships, recognize their shortcomings, make decisions, and tolerate ambiguity.
2. **Addressing Priorities.** Successful CIOs identify and address top IT priorities. Brian provided a typical "top 10" list for a CIO, including enabling business productivity, ensuring business/IT alignment, improving agility and speed to market, reducing IT costs, innovating with IT, and ensuring IT reliability and efficiency.
3. **Achievement.** Successful CIOs oversee the growth of their organizations through a hierarchy, much like that described in Figure 1. They know that they cannot become business shapers unless they demonstrate their capabilities to deliver services effectively and provide efficient operations. Following this, they must also show that they

can be a good partner and trusted advisor. These require the CIO to continually build relationships across the organization and to continually demonstrate value.

CIOs bring their skills, understanding and competencies to bear on each of these factors and shouldn't need much from their CEOs in these areas, stated Brian. What CIOs *do* need from their CEOs however, is a positive environment within which they can excel and exercise their personal and professional talents and expertise.

An environment that allows a CIO to excel includes:

- **A Sense of Vision.** While CIOs don't need to be given specific directions or a recipe for doing their job, Brian said, they do need their CEOs to create awareness of the organization's common goals and break down barriers to achieving them. A good CEO ensures everyone understands the "big picture" and by doing this, creates an organization where there can be strong synergistic alignment between business and IT.
- **Sponsorship.** A CEO's confidence in his/her CIO needs to be evident and this helps build the CIO's credibility in the organization. When sponsorship is absent, it can seriously undermine a CIO's effectiveness.
- **Relevance.** Brian agreed that a CIO needs a seat at the table with the company's strategy session forums, including, where appropriate, the Board of Directors, as do all senior executives. He noted that he attends Board meetings, even if IT is not on the agenda. This creates a sense of relevance and accountability and emphasizes his role in the organization as part of a team.
- **Autonomy.** Good CEOs will give their CIOs the freedom to act and expect them to exert influence. "A CEO can't be too involved in IT or it will diminish the CIO's success," Brian stated.
- **Challenge.** CIOs need to be given the opportunity to use their talents on things that matter. It is critical that CEOs provide venture funding for some new opportunities and also that they support IT's financial needs as part of aligning IT resources with business strategy.
- **Backing.** CEOs must support their CIOs when things don't go as planned or they may not feel able to pursue high risk/high reward initiatives. Ideally, CEOs will help their organizations view the occasional failure as a "temporary setback" and ensure that their CIOs don't need to fear for their jobs.

Overall, Brian concluded, a good CEO creates an environment within which many people can have an impact and work together in tune with a collective sense of what needs to be accomplished.

Discussion

How important is it for a CIO to know the business? CIOs must know their specific organization, their industry, and business in general in order to be effective. As well, they must also build strong relationships with all parts of their business.

Is it important to be personally compatible with one's CEO? The CIO-CEO relationship must be based on respect and honesty, though they do not always have to agree. The panelists stressed that this relationship is not one-way but should be a two-way dynamic. In many cases, the gap between CEOs and CIOs is large because CEOs don't understand what their CIOs do. It is therefore important for the two to spend time together and for a CIO to educate the CEO.

What is the best reporting relationship for a CIO? CIOs need to report to everyone in the organization. Regardless of where they report formally, CIOs must work to make strong connections elsewhere. The panelists stressed that CIOs should not wait for an invitation but should pick their targets in the organization and be proactive about building relationships. If he/she waits to be asked, a CIO will risk losing relevance. Unfortunately, as members of the executive team change, particularly the CEO, relationships get reset and a CIO can get put in a box. It is therefore essential that a CIO continually work at being viewed as capable and deserving of being out of the box.

How should CIOs manage expectations? CIOs should not manage for disappointment but focus people's attention on positive achievements, such as meeting service levels, key projects, what's coming up and key people and strategies. Within the senior management team, the message should be that the CIO is part of the business.

Conclusion

A strong, mutually-supportive CEO-CIO relationship creates the ideal environment within which a CIO can deliver business value. It is important for CEOs to make time to build this relationship and to understand how and where they can best support their CIOs in their job. Good CEOs provide clear strategic vision, autonomy and sponsorship to enable their CIOs to be effective. They also ensure that appropriate governance structures and resourcing are in place and demonstrate their support to others, both within the organization and externally.



Concept

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