



THE **BIG SHIFT** IN **IT LEADERSHIP**

HOW GREAT CIOs LEVERAGE THE
POWER OF TECHNOLOGY FOR STRATEGIC BUSINESS
GROWTH IN THE CUSTOMER-CENTRIC ECONOMY

HUNTER MULLER

WILEY

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For Sandra, Brice, and Chase

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FOREWORD

Technology is disrupting business and changing the face of IT. No longer can CIOs and IT professionals operate in a silo. Today, we need to become business leaders who understand the businesses and how to use technology to help solve business problems for our external customers. Technology disruption changes the traditional IT model, but we embrace it and capitalize on the changes to improve our business results.

Leadership is key to thriving in this new environment. In past years, CIOs rarely presented to the boards of their companies. When they did, their presentations typically focused on technical matters. They worked to keep their presentations short because they knew that senior executives were not especially interested in technology. Today, when I meet with the HP board, I encounter an engaged and interested audience. Most business people today understand the value of technology, and they want to know how IT can contribute to improved business outcomes.

In many ways, the job of the CIO is harder now than it was in the past. It is no longer enough to provide technology solutions to the business. We are expected to deliver business value to the enterprise. That's a huge shift for the CIO role. Today, we are truly integrated with our businesses, and we

must meet high expectations. Executive management expects us to provide solutions that will help the company launch new lines of business, enter new markets, acquire new customers, and ultimately increase revenue.

Hunter and his team at HMG Strategy are doing important work as they work to elevate the role and responsibilities of the twenty-first-century CIO. We've known each other for many years, and I know he believes in the value that CIOs bring to the modern enterprise. As CIOs we've changed, adapted, and evolved to stay current with the demands of the networked global economy. I'm confident that I speak for many CIOs when I say that we appreciate these efforts.

Ramón Baez
Senior Vice President and
Chief Information Officer, HP

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This is my fourth book as a Wiley author. Like my previous three books, it is primarily a work of research and journalism, with interdisciplinary knowledge gathered from multiple sources. The concepts and insights described in this book are derived primarily from the experience that I acquired over three decades as a consultant in the IT industry. But this book also represents two years of steady inquiry, involving dozens of interviews and conversations. I could not have completed this book without leveraging the collective wisdom of many expert sources and advisers. I thank them sincerely for their time, their energy, their intelligence, their guidance, and their generosity.

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Most of all, I want to thank my wife, Sandra, and our two sons, Chase and Brice.

PREFACE

There's no question that IT has reached a tipping point. The sense of change is undeniable. Everywhere you look, the signs all point toward the largest and most significant transformation since the dawn of IT.

Naturally, chief information officers (CIOs) are at the eye of the storm. And that's where they should be—at the center of the action. No top executive is better suited to understand the epic scope of the transformation; no other executive has the skill, experience, knowledge, and temperament required for these turbulent times.

The C-suite rightly looks to the CIO for guidance. My advice to the CIO is simple: Be ready to lead. Your leadership is required, and it is absolutely necessary.

I've been researching this book for two years, and it's been quite an educational process. I've learned that some of what I knew is still valid and valuable. I've also learned to shed some of my older beliefs and to embrace newer ideas that resonate with greater potential. Like most of us, I am keenly aware that as the modern enterprise becomes more open and more customer-centric, the risk of cyber attacks increases. That awareness shouldn't lead us to a place of fatalistic

complacency or acceptance. Yes, we must be mindful of the threats we face. But we must be steadfastly determined to provide the safeguards and strategies necessary for competing successfully in spite of the dangers.

Over the course of conducting interviews for the book, many incredibly valuable insights emerged. Here's a quick list of the main takeaways:

- The big shift is from inward-facing IT to outward-facing IT.
- CIOs must shift focus from internal customers to external customers.
- IT must shift focus from providing service to providing value.
- Everything is moving to the cloud; CIOs must assume a “cloud first” mentality.
- Innovation is more than new technology—it's also about change management, enabling new processes, and hiring the best talent.
- CIOs need to work closely with the business to create innovation that drives real value.
- CEOs expect more from their CIOs than ever before.
- CIOs must deliver on a higher set of expectations, or they will be replaced.
- CIOs must shift from a *measurement* mentality to a *value creation* mentality.

- CIOs must shift focus from historical data to real-time information.
- Today, IT is all about creating real business value.
- All business is digital. All business.
- When IT has a bad day, the business has a bad day.
- IT still matters. It matters to the top line and to the bottom line. IT matters more than ever because IT is everywhere in the business. Without IT, you're out of business.
- CIOs need to step up, raise the bar, and elevate their game to meet the challenges of the big shift.

I hope you enjoy reading this book and find it a useful addition to your library. It's the fourth book I've authored on the topic of IT leadership, and it reflects more than three decades of experience in the world's most fascinating industry. I'm sure you will agree that now is the best time to be an IT leader. I urge you to accept the challenge and to become a guiding force for positive change in this exciting new era of dynamic transformation.

Chapter 1



The New Normal

EXECUTIVE SUMMARY

For CIOs, expectations have risen dramatically. In addition to delivering near-perfect levels of operational service, CIOs are expected to provide astute guidance and advice that supports enterprise strategy and drives real business growth.

I've written a lot in the past three years about the transformation of information technology (IT) from a cost center to a value center. The chief information officer (CIO) now has a seat at the C-suite table, and the C-suite expects the CIO to deliver real business value!

Delivering real business value is a major part of what I've been calling *the big shift*. In the past, CIOs were under constant pressure to reduce costs. Although that pressure hasn't gone away entirely, it's been replaced by new pressure to help the business units drive revenue. The old game was all about the bottom line; the new game is about both the bottom line and the top line.

Another key component of the big shift is the change in focus from internal users to external customers. Increasingly, IT is serving the company's customers. Unlike internal customers, external customers generate revenues. If they don't receive great service from your company, they won't merely complain—they will find another company to serve their needs, and your company will lose revenue.

Without a doubt, the game has been elevated and the stakes for IT are far higher than ever before. That's why I call it the big shift—the role of IT is changing enormously and rapidly.

If the new role of IT is enabling the business to deliver value, then delivering great service is clearly a prerequisite. Internal users might be willing to put up with spotty service, but external customers have choices. And they will walk. Great CIOs see the writing on the wall and have already prepared for next level of competition.

Are you ready to play the game at a higher level?

The Best CIOs Know that Results Trump Technology

A good friend recently reminded me that most IT users don't really care about technology—they care about the results that technology delivers. Great CIOs understand that having great technology is less important than delivering great user experiences. My friend cautioned against the tendency to equate technology with results, and urged CIOs to look in the mirror and ask themselves if their IT departments are perceived as a corporate-style Department of Motor Vehicles.

There's an excellent reason why we always talk about people, processes, and technology. You need all three to provide the best possible IT service. You simply cannot get the job done with great technology alone.

But here's the really important takeaway: CIOs who can't deliver great results will never be able to deliver the value that corporate leadership wants and demands from IT.

Leadership Excellence Is a Critical Competitive Advantage

As we enter an era of extreme dynamism and unprecedented innovation, I am absolutely convinced that a new and higher level of IT leadership is required. The modern enterprise expects IT to deliver real business value and contribute significantly to revenue growth in ultra-competitive markets. Failure is simply not an option.

From my perspective, IT leaders must embrace the challenges and opportunities of the new era or fall by the wayside. Successful IT leaders must be fully integrated, multirole C-suite players; they must be stellar communicators; they must know how to create and sustain crucial partnerships across the C-suite; and they must win the war for talent by attracting, hiring, and retaining the best and the brightest of our industry.

Make no mistake: The big shift is happening. It's here, it's real, and IT leaders need to up their game. I strongly believe that we are experiencing a golden age for information technology, and that now is absolutely the perfect time to be an IT leader. The old model is broken, and a new model is emerging.

Together, we are taking a momentous and important journey. Together, we are envisioning and creating the future

of IT leadership. Collaboration is the key to innovation, and innovation is the key to business growth.

The Big Shift Is Vital in a Customer-Centric Global Economy

For many of us, the IT industry has always revolved around technology. That's what probably drew us to the field: the cool technology that most people would never understand. We were a lot like the leather-jacketed barnstorming pilots of the early twentieth century—more interested in the technology itself than in the people and companies who might benefit from it.

Those early days have passed, and we have entered a new phase in the history of the IT industry. Our focus has shifted from ourselves to the people who use the technology services we provide. The shift in focus isn't trivial; it represents an enormous change in the way we operate. Our primary job is no longer just making sure that all the technology works—now our job includes making absolutely certain that the technology drives real business value in our interconnected digital global economy.

That's a tall order. It means we're not merely responsible for how well our IT systems operate within the limited boundaries of our own organizations; we're responsible for how well our IT systems work in markets and locations all over the world!