



THE CREATIVE CIO

HARVEY NASH / KPMG
CIO SURVEY 2016



The Power of Talent



SPECIAL REPORT: CIOs – A CAREER CHOICE AHEAD?

Over 500 respondents to the Harvey Nash / KPMG CIO Survey provided additional information, including company name, to take part in further analysis by Massachusetts Institute of Technology Center for Information Systems Research. MIT CISR is one of the world's leading IT research organisations.



Center for Information Systems Research

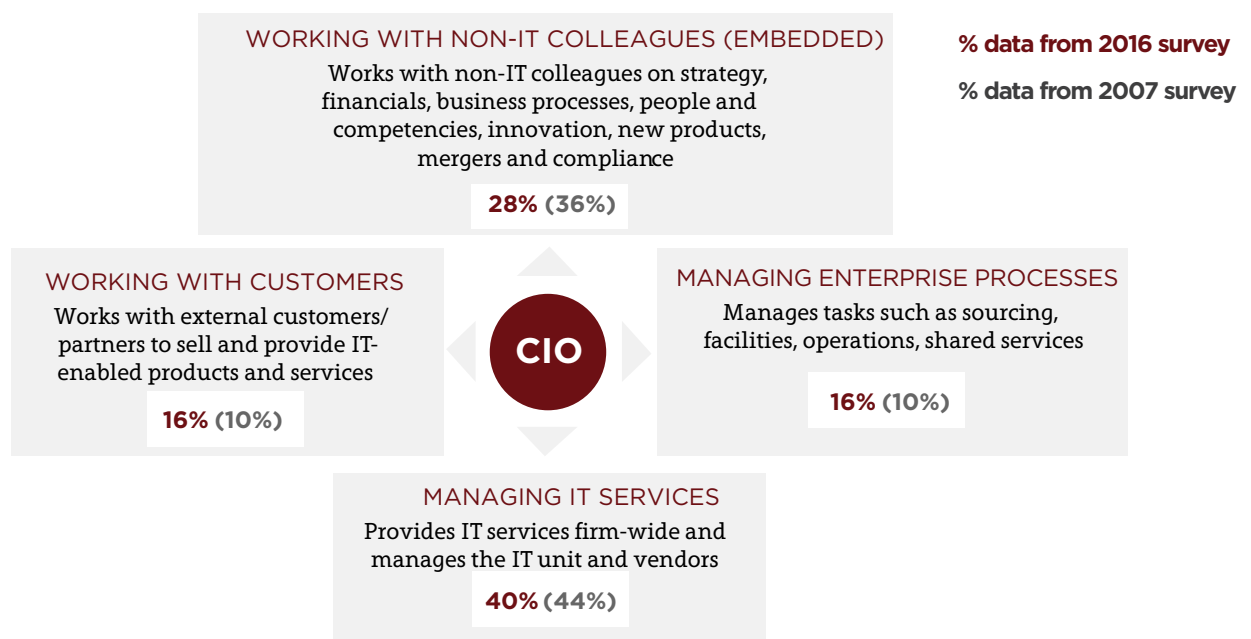
Many CIOs tell us their role is changing. Beyond managing their enterprises' IT organisation, some CIOs own business processes, others have revenue targets, others manage a network of partners, suppliers and customers, and still others manage shared services including HR, financial services and sourcing. A key driver for this change is the digitisation of the business, creating exponentially more connections between individuals, enterprises, devices and governments; enabling easier transactions, collaborations and social interactions; breaking down traditional industry boundaries; and changing how profits are made.

To understand how digitisation is changing the role of the CIO, MIT CISR, working with Harvey Nash, is studying how top CIOs allocate their time. In this section we look at how time allocations have changed over the last decade, making comparisons between the Harvey Nash / KPMG CIO Survey data and MIT CISR research we conducted in 2007. We look at what CIOs at top-performing companies do differently and touch on size, industry and the lack of regional differences.

In previous research, MIT CISR found CIOs allocate time in four major areas:

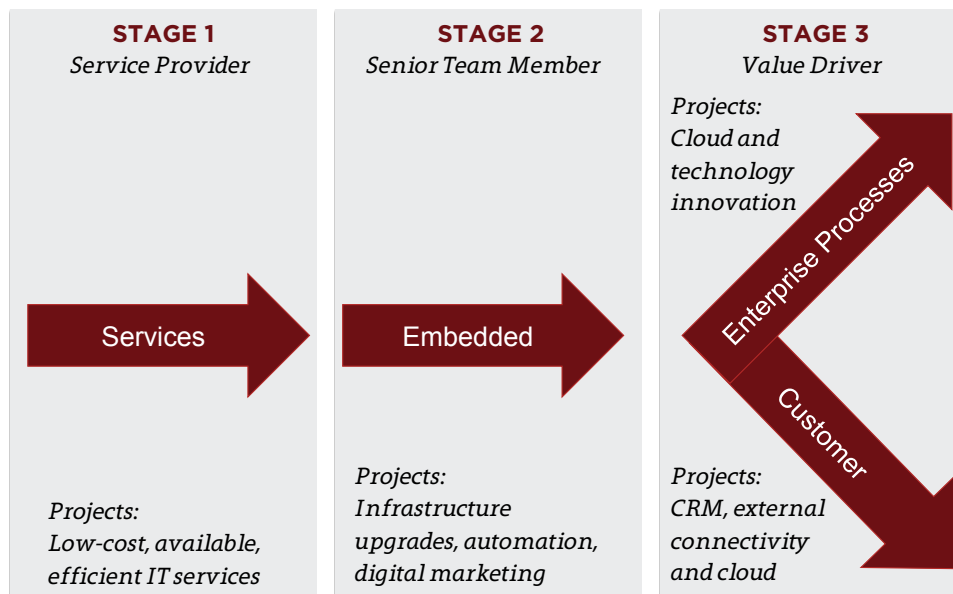
- 1. Managing IT services:** Managing the IT unit ensuring delivery of IT services across the company at the desired cost, risk and service levels. Includes working with vendors and other partners.
- 2. Working with non-IT colleagues:** Working with non-IT colleagues on business strategy, business processes, digital governance, new product development, compliance, risk and investment prioritisation.
- 3. Working with customers:** Meeting with the company's external customers, partners and colleagues as part of the sales or service delivery process, including establishing electronic linkages with customers.
- 4. Managing enterprise processes:** Managing a variety of non-IT areas including shared services (other than IT), product development, operations, corporate responsibility, sustainability, HR and a range of special projects.

Figure 1. CIO time allocations have changed dramatically from 2007 to 2016



Sources: 2016 Harvey Nash / KPMG CIO Survey, N=553 and 2007 MIT CIO Survey, N=1508

Figure 2.



We show these four different CIO activities as a trident, representing how CIOs today are being pulled simultaneously in all four directions. In Figure 1 we show the average time spent on each of the four activities now and 10 years ago. The change is dramatic.

Here are some highlights:

- 60 per cent more time spent with external customers, increasingly with sales targets. CIOs of companies as varied as Microsoft, Raytheon and State Street are spending more time with external customers.
- Less time spent embedded with senior colleagues. At first glance, this is surprising as the goal of many CIOs is to have a seat at the table and be more embedded in the business. But it turns out the real value creation of being embedded is simplifying the digital governance, expediting investments in connectivity and identifying where technology can add new value. Once that's completed, successful CIOs reduce the time spent on embedded activities to about 25 per cent by relying on those new governance processes and focus on enterprise processes or customers.

The move in time allocations over the last 10 years beautifully illustrates how companies have changed what they want from their CIOs. The great CIOs adapt to these demands in three stages (see Figure 2). Every stage has its bottom-line benefits for the company and there is cumulative learning from stage to stage.

Stage 1: Service provider. Every CIO tells us about the importance of making sure that IT services are efficient, available and low-cost, while meeting the business requirements of their line-of-business colleagues. Services need to be the stable base of the trident. To progress to the next stages and reallocate time to other activities, a CIO first has to get – and keep – the services right.

Stage 2: Senior team member. Once IT services are successfully managed, a CIO is able to work more fully with non-IT colleagues, focusing on automation, governance and better project outcomes, embedding digitisation throughout the organisation. In top performing firms ¹, these Stage 2 CIOs are significantly better than competitors at successfully completing projects like offshoring, infrastructure upgrades and digital marketing.

Stage 3: Value driver. Once CIOs have successfully integrated themselves into the senior team, they have an important choice to make, both for their enterprises and their careers: is their next focus customers or process? Where can the CIO create the most value for the company and what is best for their career? Taking the customer path focuses the CIO on customer engagement, sales and peer connections. Taking the process path focuses the CIO on making the enterprise run better by bringing out the best of the processes, people and technology.

For instance, Bernard Gavvani at BNP Paribas Investment Bank leads all of IT and operations

¹ Top performing firms are the top 25% of firms based on both five-year revenue growth and net profit margin, adjusted for industry.

globally. We see many CIOs, especially in industries like financial services, take on a process focus, often consolidating IT and operations. In top-performing firms, the highest enterprise process time allocation is significantly correlated with successfully completing projects like cloud implementations and technology innovation.

In Stage 3, the other option is to work more with external customers. For example, Ramon Boaz, when he was the CIO for HP, spent a significant portion of his time working with external customers. When HP split into two corporations in 2015 (HP and HPE), Boaz became SVP for Customer Advocacy of HPE “to lead a customer-centric, technology-driven business strategy across the organization, ensuring best-in-class experiences for customers and partners”.

We see a movement towards the customer in highly volatile environments, when customer needs and demands are constantly changing. In these environments, it is critical to amplify the customer voice inside the company and CIOs working with their peer CIOs and customers can do this very effectively.

Besides the stages, we also found interesting differences in time allocation based on firm size and industry, but not location. CIOs in small firms (less than 100 people) are spending much less time on IT services (35 per cent) and much more time working with customers (22 per cent). This is what we can really learn from startups! In these small firms CIOs are actively learning what their customers want, building it and integrating it into their customers’ systems. The industries where CIOs are spending the most amount of time with customers are technology and telecom (20 per cent), financial services (19 per cent) and healthcare (18 per cent). Interestingly, these three industries are also leading the move toward building digital ecosystems. The lesson here is that CIOs in Stage 3 who are operating in more volatile industries often do and probably should move towards the customer rather than processes. We did not find any strong regional patterns – it seems like the whole world is working on similar digitisation issues.

CIOs are under pressure to help their firms become more digitised, agile and global, and to help them grow profitably. Therefore, they must find ways to increase their time allocation outside of providing IT services. CIOs and their colleagues need to design governance mechanisms that allow the CIO to spend less time managing IT services and more time delivering business value.

To see if your time allocation reflects the needs of your enterprise and meets your career aspirations, do your own analysis.

- Review your diary for the last 12 months, colour-coding your time into the four major CIO activities.
- Compare your time allocation to the averages in Figure 1 and ask yourself if you can explain the difference between your current time allocation and the averages from the CIOs in this study? Are the areas that most need attention (e.g. setting IT governance, working with partners, spending time with external customers, digitising business processes) getting enough of your time? If the answer is yes, then your time allocation looks good.
- If your answer to the questions in step 2 is no, then contemplate where you could make changes to the responsibilities, skills (and incentives) of your direct and dotted-line reports to free up time spent on less important areas to concentrate on more important ones. One very effective change is to spend more time mentoring your direct reports so they can take over some of the activities you do now.



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