The Challenges Facing Today's CIO

Five technology questions a company needs to answer positively to survive and thrive

We enjoyed reading a thought-provoking article from McKinsey on improving the quality and spirit of conversation between board directors and the CIO.[1] For those who have not read the article, it posits five key questions which will enable companies to measure corporate health in terms of digital capabilities. Credible answers to the questions are somewhat integral to the ongoing success of any company with technology at its core.

It inspired us to extend the narrative to uncover additional insights and deeper conclusions. The debate is timely in a world where every company is becoming a "technology company," and many are keen to build out their digital platform as the center of their commercial and social ecosystem.

For this Point of View, we've chosen a certain journalistic empathy for the CIO as our narrative structure; and to flip the key questions asked by the board directors of CIOs in the McKinsey article back at those same board directors and the investors and business stakeholders they represent. Have they not been paying close enough attention to the world we live in today? Is it not a bit rich to perform a hand brake u-turn and start demanding data on business outcomes, customer satisfaction and value-add when the message of the previous 10 years has been one of relentless cost-cutting and hoping the customers didn't notice?

So, let's take down those same five questions in order – and add a dash of modern reality and shared ownership to the analysis.

Q1) How well does technology enable the core business?

Before answering that one directly, we'd appreciate an honest update on how the business views the performance of current functionalities and models built on the technology. We're fairly certain they already have a view on this one. Once we initiate an open conversation on what the business thinks is "not working well enough," then we can look at how to go about making the necessary improvements to existing plans, processes and people within the technology areas to address those concerns head-on. The question carries an implicit notion of one silo (i.e. business) asking another silo (i.e. technology) to justify itself. That shouldn't be the way in today's landscape. We are, after-all, playing on the same team. We all want the company to grow revenues, attract customers and launch new products successfully into new markets. Instead of asking the "IT guys" to explain how well they're doing, so the "business" can pass judgment, why not work together to agree on what is going well, what could be better and what needs to be scrapped/sold or buried? Yes, accountability for the performance of technology within our business needs to be addressed, but it is shared by a cross-functional team of managers who must support each other to make the best result inevitable, rather than possible.

[1] http://www.mckinsey.com/business-functions/business-technology/our-insights/five-questions-boards-should-ask-about-it-in-a-digital-world

Q2) What value is the business getting from its most important IT projects?

We see where McKinsey is going with this one. It's another way of asking Question 1 again. The business has spent a lot of money on those flagship projects and is keen to know when they will start to see payback. Because there are a few important projects, we need to properly categorize our review. To measure health and success, we'd like to do a review together on the objectives and the process for how the business conceives and approves technology projects in the first place. Some of the long-standing "challenged" projects have been organized differently relative to recent projects. The old-school method involved sending business requirements to the CIO and asking "how much and how long?" The modern approach requires collaboration between business and technology in agreeing upfront on the goals for delivering value to the company. This has to be the accepted way for building effective organizational structure and setting off on a new project with a clear understanding of the mission.

A cross-functional strategic brain trust involving business stakeholders, existing customers, potential new customers AND technology is essential for a project to be clear on its ambition, value and definition of "the need." In the age of "customer first" and using data to minimize waste and maximize returns, this group is able to share its knowledge to formulate an iterative and agile approach to validating key assumptions with Proofs of Concept and Minimum Viable Products.

These efforts to validate the idea are delivered at speed and relatively minor cost. They must be tested with target users to make absolutely sure the company is investing in the most important areas and capabilities. Risk is minimized and ideas improved through continuous scrutiny and external criticism. It's open, collaborative, and digital. This is the way to improve service to customers across channels and invest in the best-enabling technologies.

For the technology team, it's refreshing to deliver iterations quickly and receive valuable feedback. Because of the cross-functional nature of the core team, the technologists will be happy to define the KPIs used to measure success. This new way feels progressive for all involved and unshackles the talent from the constant short-term scrutiny implicit in the "how much and how long?" approach.

Q3) How long does it take the IT organization to develop and deploy new features and functionality?

"Are we going fast enough," you ask? Well, it's hard to judge given how close IT is to the work on the existing technology platform. It's hard for anyone to judge (or even to compare to some other apparently similar project) because every organization has contextual realties. What may be fast for one may seem glacial to another. The clock speed of the industry is the valid benchmark to seek out. But there is no website to visit to look that up, nor an actuarial table for software delivery. What is achievable is an honest order of magnitude: "This is more like 4 months and $1 million, than 15 and 5." That can only be estimated and agreed by the collective wisdom and experience of the individuals on the team – and their knowledge that "most of this has been done somewhere else already."

It is an essential exercise to benchmark and sanity check what is being attempted. This realism is needed to drive team productivity, efficiency and accountability, but it has built-in limitations. To be able to

achieve the speed, transparency, accuracy and quality the business desires, the current technology team wishes it had insisted on more time for designing the rules of engagement for governance, decision making, prioritization, budgeting, quality and open mindedness of the team - and insisted on automated regression testing.

If all of that had been pre-planned ("if we'd known then what we know now"), then positive news on the speed of progress would have been the likely outcome – and less time would have been wasted trying to understand exactly how the project stands ahead of intermittent crisis meetings. Development teams are too frequently diverted into fixing inherited errors, randomly attempting to incorporate ill-judged and seemingly whimsical change requests, and constantly adjusting to change within the team - as frustration around the lack of initial planning takes its toll and talent walks out the door as a result.

Q4) How efficient is IT at rolling out technologies and achieving desired outcomes?

This is a fair question and has been so since it was asked of its Industrial Revolution predecessors. The honest answer is: "Not as efficient as we'd like to be, but we have a plan to improve it." The plan involves focus on the essentials for improving efficiency. A detailed contextual scorecard (completed jointly by technology and business sponsors) is a quick way to assess the effectiveness of the technology teams in meeting the business goals consistently.

To summarize what needs to be on the scorecard:

- A rating for collaboration and openness within a core, cross-functional team of disparate talents, expert in their respective areas, yet focused on the same goal
- A measure of how well the business-technology partnership is working. Has the business delivered its promise to expose the technology team to the customers? Indeed, has the business provided the technology team with training in new digital business models and access to the right talent?
- An honest score on how well the team is capturing insights, innovations and bright ideas and using them in rolling out deliverables
- How well-established are community tools and dashboards showing project progress against plan that all team members can access for real-time progress reports? The teams should all agree upfront on measurements of success and work towards them with a flexible plan that is both challenging and achievable at the same time

Based on the scorecard, the company can define a plan to better optimize operations and processes. Ultimately, a model for company-wide operational excellence is needed.

Q5) How strong is our supply of next-generation IT talent?

This is another old chestnut that applies across industry or geography. Technology teams are constantly looking for a slew of talented, open-minded problem-solvers rather than engineers who only have the name of a language, an application or a database on their résumé. As digital transformation gains momentum, the demand for talent across multiple dimensions increases competition and strains all but the smartest companies (who spend time and money in planning how to locate and attract the talent). Are we one of them fighting hard to attract and retain talent?

The most desirable engineers and designers care enough to ask good questions and suggest alternative approaches. They actually enjoy being asked uncomfortable and difficult questions.

They keep improving themselves through reading, listening and learning new skills. They need to be inspired by the prospect of a satisfying career path and need to hear this from talent within the company who have followed that path. They are smart enough to be skeptical of the marketing blurb; they want to hear from the people who made the leap they are considering.

Managers within business, technology and HR need to sign up to a modern talent and recruitment strategy. A well-executed plan will prove much less costly if it promotes internal talent developing organically rather than relying on appealing to the throng looking for alternatives to jobs which don't challenge/stimulate/value them.

The technology team needs to promote itself in all the right places online. The content should include thought leadership from the technology leaders, informed Points of View and blog posts, enthusiasm and ideas at Hackathons, and a community of like-minded engineers sharing and inspiring each other to greater heights. Stories of succession planning, job-swaps, mentoring, education and training should be encouraged. Many companies do some of it, but they rarely surface that internal narrative. Online exposure will bring benefits to the brand name in PR terms and social referrals. The quantity and quality of applicants for each job will increase, and the company will be a healthier place to work.

CONCLUSION:

We have tried to focus on the traditional balance of power between the main actors in this ubiquitous discussion within the enterprise. We frequently see the struggles of the business and technologists to form a binding consensus. When it's missing the projects suffer accordingly. To improve, we all need to find a framework for how to best manage the balance of power among the main actors. We at Ness think we have a good one. It allows us to imagine a world where an ensemble cast full of talent, passion and breathtaking ambition wow an audience with compelling digital experiences that could only be borne from a beautifully-functioning team construct.

Companies must improve their Digital IQ to do this.

Ness works with many companies who have improved their internal structures and are now better-placed to survive and thrive. Young companies may never have faced this issue, but we also work with some large companies who have not yet completed the exercise. They are all working on it. There must be no finger pointing. There must be empathy for the other, because two heads ARE better than one, and this is the mentality and behavior that delivers successful digital propositions to customers who want to feel valued, respected and listened to themselves.