The Practical Visionary
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When Michael Gliedman first arrived at the headquarters of the National Basketball Association in 1999 to become its new chief information officer (CIO), he found a splintered information technology environment. “Lots of things needed to be streamlined,” he says. Isolated pockets of IT were everywhere — the finance department ran its own computers, as did the NBA Entertainment group, which oversaw the television systems. And the “Y2K” threat of a massive breakdown of legacy computers was looming with no real plan in place to counter it.

Gliedman’s first task as CIO was to focus on the supply side of the IT business equation: bringing equipment up to speed, making sure core technology services worked consistently and efficiently, and consolidating the league’s IT efforts under his authority — a process that took Gliedman about 18 months. “There’s no way anybody in the business is going to take you seriously if it’s taking your guys 20 minutes to answer the help-desk phone,” he says. “The culture around here is that you spend a lot of time listening and quietly fixing things in the background. Then, after you’ve proven yourself, people will take you seriously enough to give you a seat at the table.”

For Gliedman, a seat at the NBA leadership table means developing and deploying technologies to support the three-pronged strategy of NBA Commissioner David Stern: boost international interest, build the female fan base, and increase the league’s overall audience. That, of course, is no easy task. Gliedman’s team now manages the NBA’s digital video archive — which captures video of every NBA game from multiple angles.
and stores hundreds of thousands of hours of video in accessible digital form — and runs the league’s Web site, www.NBA.com, which in November 2007 set its all-time record for monthly traffic with more than 153 million visits and 38 million video streams. Gliedman is also developing ways to help support the NBA’s 30 teams through business intelligence programs that capture data on the league’s fan base. And he is following, testing, and implementing new technologies such as server virtualization, service-oriented architecture, and social networking to enhance the way employees collaborate with one another. All the while, Gliedman has to make sure basic operations run smoothly to maintain the trust that he has earned throughout the league.

In short, Gliedman is the model 21st-century CIO. These days he is training his focus on the demand side of the IT business equation, where the needs of the business are paramount, rather than spending most of his time on such typical supply-side concerns as cutting IT costs — although these responsibilities are still very important. He has become a serious contributor to the league’s business results by harnessing powerful new technologies that make real-time information attractive and accessible both internally and to the NBA’s constituents and fans around the world. That’s why he — like any other truly strategic CIO — needs to be among the inner circle of senior leadership. Unless the information chief knows where the organization is going, he or she won’t know what capabilities will be strategically paramount.

A strategic CIO has much to offer the organization; with specialized knowledge of the capabilities, requirements, and costs of new technology, the CIO is uniquely positioned to help the organization set priorities that affect every one of its operations. In Gliedman’s case, for example, he may play a catalytic role for new business development, helping NBA executives envision new possibilities, like creative uses of video clips, that might otherwise never occur to them.

The strategic CIO has never been more important to the future of the organization. As operations and markets become more fragmented, there is an ever-greater need for IT to bind together a company and augment its collective intellect (to paraphrase computer interface pioneer Douglas Engelbart). IT can be used to address problems of mounting complexity and to help an organization move into new products, new processes, and new markets, at home and around the world. New technologies are always changing how companies operate internally and how they look at their customers, suppliers, partners, sales channels, and markets. In this context, it is up to the CIO to be a practical visionary: matching his or her organization’s tech-based capabilities to its current needs and to its future image of itself. He or she must also understand whether and how to enhance and extend the organization’s IT capabilities. And the most successful CIOs not only support the strategic direction of their organizations, but help set it.

In doing so, they will bring back one of the almost-forgotten aspects of the personal computer revolution of the 1980s: It made work more engaging by making people more powerful. That shift turned out to have enormous strategic value. Word processors allowed people to pull their thoughts together, revise, and bring in new ideas iteratively, without having to retype each time. Electronic spreadsheets spawned thousands of “what if” scenarios that made business options clearer and elimi-
nated the need for painstaking calculations conducted on paper by roomfuls of clerical staff. Databases provided the means to store and analyze huge amounts of data, providing insight into the supply chain, customers, and more at an unprecedented level of detail. E-mail made it possible to connect with many more people quickly. And the presentation program, though much derided, has been a vital tool for helping people convene teams and organize ideas. The resulting boom in productivity in the developed world has yet to slacken. Another result was an increase in scope: Organizations could do much more, with much less, than they could in the past. Without IT, as it soon came to be called, globalization would not be possible.

But by the mid-1990s, that sense of liberation had turned to a sense of being shackled by the tools themselves. E-mail became a source of spam and irrelevancies, and took more and more time to tend. Word-processing software led to unnecessary revisions and overwritten documents. PowerPoint was actually banned at some companies, like Sun Microsystems Inc. And massive data banks drowned companies in pointless details that no one analyzed. Much of the strategic value of the information revolution was lost in the fragmented approaches of many implementations, which rarely adapted by learning from the ways people preferred to use technology. Even the Internet, despite its vast appeal, became more of a chore than a responsibility for many organizations. Web sites had to be organized, architected, marshaled, and managed. All of this took place during the frenzied buildup of the dot-com bubble, when organizations had to make big, fast bets or face losing out to quicker competitors.

More troubling, many global organizations have spent tens of millions of dollars on large-scale IT projects, many of which have failed to provide the business value they were intended to yield. Projects are often late and over budget due to a combination of poor management by the IT organization, failure to obsessively focus on the sources of value, and poor engagement by the business.

The new CIO has an opportunity to change the way organizations adopt and use technology. Moreover, the time for changing it has never been better. The range of Web 2.0 technologies—social networking software, video-sharing sites, multi-participant simulated environments, and creative exchanges—has sparked a level of excitement not seen since the early days of the Internet. A new generation that has never lived without computers and pervasive telecommunications is entering the workforce with unprecedented levels of technological sophistication and expectations of free access and universal mobility. Once again, we have a multiplicity of options, and an opportunity for the whole enterprise to think more strategically about its information choices and priorities, to build the capabilities needed to meet strategic goals, and to learn better practices every step along the way.

**Competing Demands**

CIOs at large enterprises—whether commercial, governmental, or nonprofit—typically split their time between business/strategy concerns and technological/operational concerns. On the one hand, whether or not most CIOs have a seat at the executive table, they look to drive the growth and profitability of their company (or, in the case of nonprofits, achieve the mission; or, in the case of government organizations, support increas-
“It’s no longer a matter of the business saying, ‘This is what we want,’ and the IT department taking orders. It’s now a much more collaborative effort.”

ingly complex missions and programs), just like every other executive.

On the other hand, many CIOs play an internal service role. The CIO must be sure that the trains run efficiently — that the organization’s many projects arrive on time and on budget, that its departments operate smoothly, and that the technology supporting the business works. He or she must also ensure that key business processes run as effectively as possible across the enterprise, often enabled by the successful deployment of new systems and technologies. In addition to these operational concerns, CIOs are subject to a whole range of other distractions and disruptions that include security threats (for instance, the theft of proprietary information or denial-of-service attacks that can shut down an enterprise’s Web site); compliance and regulatory concerns, which are increasing every year; and even environmental issues such as power usage. Meanwhile, the CIO must synchronize activities with virtually every function in the corporation, including finance, given that IT is a major cost center at most companies, and procurement and acquisition, which is critical to ensuring that the right technology is bought at the right time for the right price. And all this must be accomplished in the face of increasing difficulties in staffing the IT department and with constrained financial resources, given the reality of today’s business environment.

Unless operational concerns are managed adroitly, they can easily overwhelm the IT department and force CIOs into a reactive mode in which they spend all their time dealing with supply-side issues. Alternatively, if they are doing their operational job well, CIOs may simply go unnoticed. As critical as daily operations are, a CIO in an operations-only mode is unlikely to generate confidence among business-oriented colleagues looking for contributions to the enterprise’s ongoing strategic conversation.

How can CIOs boost corporate confidence in IT’s value? It depends in large part on their ability to keep the IT function running efficiently. It’s an issue of reputation and trust: If they can’t take care of their own specialty, how can top business executives expect them to function strategically? These skills extend to the ability to manage many projects effectively. Information technology is a highly project-oriented activity; large corporations often number their ongoing IT projects in the hundreds, if not the thousands. The reputation of the CIO frequently rests on his or her ability to complete projects on time and on budget, demonstrate the value of every project by showing how it will contribute to the organization’s overall strategic goals, and develop measures that show how a particular technology effort has contributed to business performance or productivity.

In Gliedman’s view, this sort of trust has to be built from the ground up, beginning with the IT group itself. “The people who work in my department understand my vision of striving for operational excellence all the time,” he notes, “because that enables them to focus on the cooler things, like virtualization and voice over IP and social networking.” That has also meant teaching the IT people how to deal with business issues and how to go beyond serving, reactively, as what Gliedman calls “order takers.”

On that basis, Gliedman has been able to maneuver beyond IT’s traditional role to engage the entire NBA as a business partner. That means using the trust his department has built up to work more regularly with the business units to support strategic initiatives — such as
www.NBA.com, which had been outsourced and which Gliedman took back in-house soon after his arrival. Another example is his effort to learn more about the league’s fan base through business intelligence technology, and then to use the resulting marketing successes to build up yet more business values. In that way, IT, traditionally seen as a supplier of services on demand, has been transformed into a strategy-driven function, with the business now regularly saying, as Gliedman puts it, “We’re thinking about doing something next season, and we want your ideas on the best way to do it.” Dealing with such requests has given Gliedman the authority to make decisions about what new technology initiatives to take on and has put him in a position to help the business side push the technology limits as far as possible. “It’s no longer a matter of the business saying, ‘This is what we want,’ and we take the orders,” he says. “It’s now a much more collaborative effort.”

Openness, Intelligence, Interoperability
The cultural walls that have long separated the CIO from his or her business-oriented colleagues must be torn down, and that can happen only if the CIO can transform himself or herself into a true “chief of information,” not a chief of technology, or of the network, or of security. The issue isn’t the bits and bytes that make up the technology in IT. As strategy+business Contributing Editor Nicholas G. Carr argued in a notorious 2003 Harvard Business Review article titled “IT Doesn’t Matter,” information technology has become a commodity, and as such, it cannot be counted on by corporations to create a sustainable competitive advantage. “What makes a resource truly strategic,” wrote Carr, “is not ubiquity but scarcity.” Carr was right that the technology has become ubiquitous, but the talent and wisdom required to use it strategically — to successfully capture, analyze, and employ information to the greater end of profitability and growth — are all too scarce.

That’s why, in practice, the quality of the CIO — and of the IT staff — has proven to make a difference in competitiveness. Now, however, the need for better, faster information on the business side and the requirement to optimize global business processes, combined with new technologies that can significantly increase the value of the information generated by the IT department, has created a golden opportunity for information chiefs to make an even greater strategic contribution. First, the business side is demanding more open technologies — nonproprietary, open source, with open standards — that won’t slow the business down or trap it in outmoded, stolid ways of operating. These include standardized, global “off-the-shelf” solutions, such as ERP (enterprise resource planning) and CRM (customer relationship management) packages, as well as low-cost, standardized IT infrastructure elements.

Second, enterprises are turning more frequently to a variety of “business intelligence” technologies with which they can analyze the supply chain and manufacturing, on one side, and markets and customers, on the other. These technologies must have the ability to digest massive amounts of information, analyze it in ways that can aid the business side in both day-to-day operations and longer-term planning, and then provide those results on a real-time basis to everyone in the enterprise who can benefit from it. The technologies’ success depends on the ability of their handlers to use them to add business value and further the company’s mission.
Finally, the business units are looking to CIOs to provide technologies strong on interoperability. They must work together seamlessly, allowing the enterprise maximum flexibility in how it uses the information it gathers and the ability to look at its information in new ways that can suggest new opportunities.

For the CIOs who step up to a more strategic role, success will depend in large part on having the ability to minimize the many operational, budgetary, and other distractions that typically trap them in the role of chief technician.

Strategic CIOs must also maintain a consistent focus on the core mission of their organization — its strategic goals and tactical plans. Doing so demands that CIOs be able to clearly explain the role technology plays in boosting the long-term health of the organization. This requires the ability to knock down the cultural walls that have traditionally separated IT from the business side, at all levels of the organization — to ensure, for instance, that the company’s technology strategy is seamlessly incorporated into its overarching corporate strategy, and that those two are never separated. The goal: to gain recognition as the organization’s lead information strategy planner and visionary.

Managing the Information Life Cycle
Strategic CIOs must stress the “I” in CIO, working with the business to make certain that information as a critical asset is optimized, and that the organization’s information management program, and the technology on which it depends, is not a hindrance to strategic and operational flexibility but rather an enabler on which the business can depend in its quest for competitive advantage. To that end, strategic CIOs must manage the entire life cycle of information, from collection, to maintenance, to analysis and use. And they must do so in a way that maximizes its value to the business side, by helping determine what kinds of information are most valuable in making decisions. They must also learn to package that information in ways that will encourage its use by those who can most benefit by it. That also means being able to measure the value of that information and its overall effect on the organization’s performance.

Given the degree to which IT has infiltrated every aspect of large enterprises, strategic CIOs must be able to speak a wide variety of corporate languages — operations, finance, manufacturing, marketing, sales — and to work with top executives, including the CEO, COO, and CFO; the heads of procurement and HR; and the leaders of individual business units. That demands an unusually broad set of business and communication skills, a combination not often associated with “techies.”

In all of these working relationships, strategic CIOs must play the role of technology visionary. This involves working regularly with other executives to develop answers to a series of significant questions: What is the role of information technology in the organization, given its strategic goals? What new technologies should the company be watching, and why? Which computer systems might profitably link to suppliers and customers, and how might the boundaries be crossed effectively? What might the company be able to do differently than it has done in the past? What might it be able to do for the first time? Answering these questions is primarily a leadership duty — the strategic CIO is in effect the “chief technology proselytizer” — but the organization will be successful only if those questions are asked and answered within the context of short-term and long-term success. The history of IT is riddled with stories of visionary IT executives who couldn’t keep the corporate networks running efficiently or get the help-desk phones answered. The true visionary CIO must work within an effective IT governance process that allows for experimentation in a controlled, business-oriented environment. There is no place in the strategic CIO’s thinking for “technology for technology’s sake.”

Based on the experience of the NBA’s Michael Gliedman and others who have done well in the role, we have observed that certain guidelines enable CIOs to succeed as strategic leaders:

Start fast. Gliedman entered a situation in which he saw the IT department employees as “order takers,” and none too effective ones at that. His first move was thus
If CIOs aren’t keeping emerging technologies on their radar, it is at their peril. They can bet there’s a competitor out there who is.

to demonstrate that IT could operate efficiently, that it could give people throughout the organization the tools and help they needed without being asked.

Manage successful projects. CIOs should work with executives throughout the business to decide quickly and dispassionately which projects to launch or continue and which to kill, as well as identify the best approach to ensure each project’s success. Decisiveness and effectiveness in project management earns the respect of peers and demonstrates the CIO’s ability to think in ways the business can understand.

Don’t ask for permission. Strategic CIOs can move forward freely, without having to seek sign-off on every initiative. But no one will give it to them unless they earn it — by challenging top executives on their thinking about technology and developing a high-profile project or two that works. Then ask for forgiveness.

Fix the governance process. Effective IT governance is critical to developing a smooth-running IT operation. If the lines of authority and responsibility regarding spending, project approval, and strategic initiatives aren’t clear, no CIO can be strategic or successful. The CIO will have no clear sense of where he or she stands, and no confidence regarding how to move ahead on projects critical to the success of the enterprise.

Look ahead. The strategic CIO is also, by definition, the CIO of the future. As such, CIOs should study all the new technologies coming down the pipeline, whether or not they appear to be suited to the CIO’s company or industry. CIOs need to take the time to think about their potential strategic value, not today, but five or 10 years from now. And they should talk with their peers within the company about how such technologies might fit in with strategies they too are seeing down the road. If CIOs aren’t keeping these emerging technologies on their radar, it is at their peril: They can bet there’s a competitor out there who is.

Doing Well, Doing Good

Bill Piatt is another CIO who exemplifies these ideas. When he joined the International Finance Corporation (IFC) in early 2007, the IT department was organized around the delivery of projects and services, and it did a pretty good job at that. But its role was essentially reactive. “Until someone came and asked us to do something, we weren’t really involved in the discussion,” says Piatt. It wasn’t that the department, called Corporate Business Informatics (CBI), couldn’t keep up with the requests. The problem was that all it got were requests, typically from departments that had already worked out what they wanted, whether or not those plans would fit well within the IFC’s IT environment. Still, the status quo functioned adequately — until the bank decided to overhaul its operating strategy.

The IFC is the private-sector arm of the World Bank Group, providing investment and advisory services to companies in emerging markets, often in the poorest countries and regions, where the private sector can play a vital role in development. The IFC provides loans, equity investments, structured finance, and local currency financing. Established in 1956, it now employs about 4,000 people in 140 offices in 110 countries. It will contribute $1.75 billion over the next four years to the International Development Association, the unit of the World Bank Group that makes concessionary loans to impoverished nations, while a portion of the corporation’s retained earnings are earmarked for the provision of advisory services directly to clients in criti-
At the International Finance Corporation, no major initiative can be approved unless there has been direct involvement by the central IT function.

cal areas, such as corporate governance, or to governments on how to improve their business and investment climates.

Until recently, all investment decisions were made at the IFC’s headquarters in Washington, D.C. But the kinds of deals it makes have changed significantly: Early on, the IFC primarily funded projects in which companies based in developed countries made investments in developing countries; now, more than two-thirds of its investments are to companies with roots in those developing nations. Given those changes, the IFC’s management is accelerating its decentralization, with a goal of making decisions in the field on all but the largest loans and equity investments. That strategic decision is having an enormous impact on CBI, and on Piatt’s role.

The new direction has increased urgency among Piatt’s IT staff to implement several technology initiatives intended to support decentralization at the IFC. The first is customer relationship management, which includes handling all contacts with the IFC’s clients: maintaining up-to-date knowledge about the IFC’s relationships with each client organization, the organizations’ leadership, and their record of achieving development impact with the funds and advisory services IFC has provided. The second technology initiative is knowledge management, which involves gathering, organizing, and disseminating the corporation’s global expertise that might prove useful to clients — a mining operation in remote Brazil might benefit from information gleaned from a similar effort in Indonesia, for instance. The third initiative involves the same problems any global enterprise faces in tying together its thousands of employees all over the world — only more so, given the remote regions where the IFC does business, and the diverse partners, from global banks to village-based agencies, with whom it works. Finally, in hopes of achieving Piatt’s goal of leveraging the operational data the corporation has been collecting, his staff is putting together an advanced business intelligence capability, built on its current client databases, that can provide insight to the executive management and business leaders who are responsible for both business growth and the overall development impact of the IFC’s efforts.

Given the urgency and importance of these efforts, Piatt has spent a great deal of time on governance. When he first arrived, says Piatt, “The governance process was problematic. The IT function had little visibility in the executive suite. So I spent a lot of time there, talking with our leadership to ensure we were aligned with their thinking. As a result, even though I do not have a vice president rank associated with being the CIO, I have full access to leaders at all levels of senior management, including the CEO.”

That level of access allowed Piatt to create some critical governance rules regarding how projects are evaluated and who should be involved in the decisions. “I worked with the management team to establish a set of guiding principles for IT, which was approved in June 2007,” Piatt notes. “One principle states, ‘No major strategic business initiative in the corporation can be approved in its final form until there has been direct involvement by the central IT function.’” In that regard, Piatt is pushing hard for a company-wide view of technologies that is focused on increasing the productivity of the IFC’s employees in the field, rather than on narrow departmental interests. His approach includes expanding the ways in which mobile technologies such as BlackBerries are used — notori-
ously difficult for large organizations to manage — as well as deploying cutting-edge connectivity technologies for helping offices keep in touch with one another as well as with headquarters in Washington, D.C.

Among the positive results of Piatt’s efforts: When IFC’s CEO, Lars Thunell, launched a new strategic planning process across the entire corporation, IT was invited to participate in many of the business lines’ initial sessions, held in October 2007. “We participated actively in the discussions about what the business is trying to accomplish,” Piatt says, “to ensure that the IT implications in their planning would be considered, allowing my team and me to engage at the strategic business level. This also allowed us to identify consistent themes across multiple lines of business, so that we could weave them together into our own planning.”

To make sure that he continues to provide the IFC with innovative technologies as part of his role as a strategic advisor, Piatt has been looking at Web 2.0 technologies such as social networking and tag clouds. He is also considering hiring 10 to 12 “reverse mentor” interns, who will work with top executives to show them how best to use these technologies in their daily work. And he has hired a 17-year veteran from the investment side of the corporation, with no prior IT experience, as deputy CIO in charge of client relationships. The deputy’s job, says Piatt, is to “make sure that the CBI staff assigned to the new client function stay focused on business advocacy and do not revert to acting as IT project managers.”

Both Michael Gliedman and Bill Piatt have worked hard to prove themselves capable of taking and keeping their place at the strategic center of their organizations. In both cases, demonstrating their value meant running operations smoothly, leaving the confines of the IT department in search of ways to make strategic contributions, creating a governance process that incorporated technology into strategic discussions, and conceiving and completing visionary projects that actually worked. Their stories have much to teach other CIOs — and the top executives who hire them — about how to leverage technological and human capability together in order to make the most significant contribution they can to their companies.

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Resources


Marianne Broadbent, The New CIO Leader: Setting the Agenda and Delivering Results (Harvard Business School Press, 2004): This tough-minded survey of how top IT executives succeed offers advice rooted in the realpolitik of the world of the corporate CIO.


National Basketball Association Web site, www.NBA.com: Even if you aren’t a basketball fan, it’s worth taking a look at the state of the art in Web site technology.

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