How to Add Everyone's IT CIO to Traditional CIO Leadership

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VIEW SUMMARY

We outline why and how CIOs need to develop the role of leading Everyone's IT, one of the four futures of the CIO role, in which an understanding of industrywide and ecosystem issues is critical. We identify the main actions necessary to add this role to a traditional CIO role.

Overview

Key Findings

- The increasing strategic importance of technology is driving the CIO role to be more externally oriented, and to give more attention to transformational issues.
- There is rapid growth in "shadow IT," and in end-user solution acquisition and development, leading to the Everyone's IT organizational style; the Gartner 2014 CIO survey found that 26% of IT spend originates outside formal IT organizations.
- Everyone's IT requires significantly different leadership styles from the traditional CIO role.
- The role of architect in Everyone's IT adapts from the traditional directive, control-based approach to place greater emphasis on a consultative style.
- Everyone's IT has potential relevance for most enterprises as an element of bimodal IT, and is particularly appropriate as the main technology organizational style for entrepreneurial startups, small or midsize businesses, spinoffs, and skunkworks.

Recommendations

CIOs and other enterprise technology leaders should:

- Identify where they need to adopt the Everyone's IT style of organization (probably blended with other roles of the CIO's four futures), and transition their own leadership styles accordingly, taking as the assumption that it's appropriate for most enterprises.
- Selectively target information and areas of activity that will benefit from an Everyone's IT approach.
- Use the critical success factors identified here to build the CIO's personal transition path.
- Communicate the CIO's transition goals and timetable to all stakeholders of the CIO role.

HR executives overseeing leaders of IT organizations and of other technology teams should:

- Examine the probable need in their enterprises for the Everyone's IT style of IT leadership, and help relevant leaders build the necessary personal and organizational capabilities.

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NOTE 1
THE FOUR FUTURES OF IT

The traditional mandate of enterprise IT is under pressure due to increasing role plurality. Four role and relationship paradigms are emerging as the most dominant enterprise contexts for the IT organization. As enterprises confront global economic uncertainty, changing market dynamics and discontinuities created by technology-leveraged cultural trends, different parts of the enterprise require different ways of interacting with IT. Diversity of culture, maturity and risk tolerance across the enterprise adds further complexity, such that the IT organization's purpose in any given enterprise is becoming muddled. The question arises, "What exactly is IT?" At least four IT role and relationship paradigms have emerged in response to this question, and each has different implications for the competitive stance or mission of the enterprise, the form and effectiveness of the IT organization, and the business impact and future of the CIO and IT workforce.

The positions of each of the futures are shown in Figure 1, and their characteristics are summarized below.

IT as Engine Room

This future rapidly delivers IT capabilities at market-competitive prices. It succeeds by monitoring technology and market developments, and by building expertise in IT asset optimization, sourcing and vendor management, and IT financial management. Its main features include the following:

- It delivers ongoing cost improvement.
- It seeks new ways to deliver the same IT capabilities for less.
- It is highly responsive to changing business needs.
- It is not just about "cloud."

IT as Global Business Service Provider

This future is an expanded and integrated shared-service organization that runs like a business, delivering IT services and enterprise business processes. Its main features include the following:

- It is a virtually centralized organization.
- It focuses the business areas.
- It adopts a marketing perspective.
- It leverages its internal position.
- It delivers competitive services.
- It aims to increase business value.

Everyone's IT

In Everyone's IT, information and technology are used aggressively by business leaders and individual contributors to break through traditional perimeters of business and drive ambitious collaboration. Its main features include the following:

- Its focus is information, not technology, distributed across the ecosystemwide value chain, as well as personal productivity and codes of conduct for information sharing. High-maturity enterprises embrace this divergent model for its collaborative, innovative potential. Also, it is enterprise-neutral.
- Traditionalists see anarchy, while others see

Analysis

This research, which is about how to add the CIO role for Everyone's IT to traditional CIO leadership, is one of a series of notes outlining possible expansion routes and actions from traditional CIO roles to roles in the four futures of the CIO, and to other executive positions.

The Everyone's IT style of the organization of IT (see Note 1) requires a corresponding CIO role. That's one of the four futures of the CIO shown in Figure 1 — Enabler and Conductor — and it is described in "The Four Futures of the CIO Role." It's possibly the most radical CIO role of all the four futures, and the most different from a traditional CIO role. It's more about an approach to creativity and innovation than it is about the stewardship of the technology. As such, the CIO must focus on the culture and style of leadership with a view toward optimizing the flow of ideas.

Figure 1. The Four Futures of the CIO
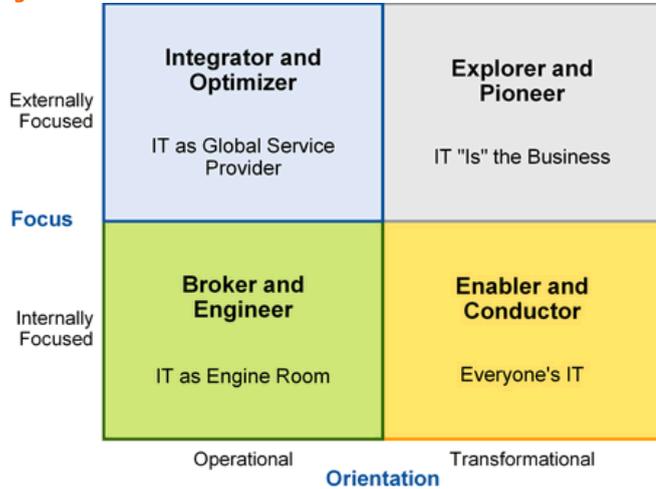
Source: Gartner (April 2014)

The adoption of Everyone's IT as a technology organizational style usually comes when the CIO and the enterprise senior leadership team accept that "shadow IT" is an irresistible force, symptomatic of the changing nature of work as well as of emerging technologies. When guided effectively, Everyone's IT can create significant value in ways that traditional IT organizational styles cannot.

Everyone's IT is not simply about consumer technology, bring your own device (BYOD) and bring your own application (BYOA). Rather, it's about the ways an enterprise creates and delivers enterprise technology. Individual, team and departmental choice, BYOD, BYOA, and so on play a part, but only in ways that serve the broader information, process and business goals of that part of the enterprise. The technology may be distributed, but it remains coherent, and a critical role of the CIO is to ensure this.

The Everyone's IT CIO role is highly dependent on leadership rather than management; it favors guidance and principles over rules; and it influences through peer review and pressure rather than control. Power and influence are established from subject matter expertise, innovation and relationships. Management energy is not spent on control, but rather on building shared purpose, networking, rewarding, and recognizing collaboration and the sharing of information. The approach to architecture and the role of the architect will vary between organizations, but for most enterprises, it will be a very important function and role that must be used to steer and influence what is done in Everyone's IT. The role of the architect adapts from the traditional directive, control-based role to place greater emphasis on a consultative style. Despite the change of style, the role remains critical to prevent an incoherent free-for-all in the use of technology enterprisewide.

The underlying principle of adding to a traditional CIO role in which the CIO runs the IT organization is that, in the future — and in today's reality for some — the CIO's primary accountability is to ensure that the enterprise achieves strategic value from the use of technology. Part of that CIO's accountability is the sourcing and delivery of technology through the oversight and management of the formal IT organization; however, this is no more the dominant focus of the future CIO role than management of the accounts department is the dominant focus of a CFO role.

Characteristics of Adding an Everyone's IT CIO Role to Traditional CIO Leadership

These are the main features of the Enabler and Conductor style of CIO leadership:

- The focus is information, not technology.
- The value chain is distributed throughout the enterprise, and often beyond its boundaries.
- There is strong concern for personal and team productivity, often in ad hoc, self-identified tasks.
- The Everyone's IT style works best in enterprises with high levels of organizational maturity, and with clearly stated and understood purposes and values.
- In Everyone's IT, technology leadership using collaboration and enabling innovation operates in the same ways throughout the enterprise regardless of whether the technology is owned and managed in the formal IT organization or elsewhere.
- The Enabler and Conductor style is well-suited to situations in which other styles, particularly traditional CIO leadership, are ineffective. Examples include nontraditional situations, agile enterprises, startups, R&D or entrepreneurial businesses, and community or mutual-interest organizations.

liberated creativity.

It works in nontraditional situations — for example, dynamic businesses, startups, and R&D/entrepreneurial/community ventures. Everyone's IT has shared purpose and systematic value capture, which is not the same as shadow IT.

IT "Is" the Business

Above all, this future is about differentiation. Information is the explicit product of the organization, or it is inseparable from the product. Its main features include the following:

- The enterprise is structured around information flow (not process or function).
- The IT organization innovates within the value chain; it doesn't just enable the supporting services found in every enterprise.

For further details, see the following research:

"Exploring the Future: IT as Engine Room"

"Exploring the Future: IT as Global Business Service Provider"

"Exploring the Future: Everyone's IT"

"Exploring the Future: IT Is the Business"

The promotion of shared purpose and the systematic capture of creative value are critical foundations for success. They require a culture that rewards innovation, collaboration and sharing. The community needs processes and values that self-manage and self-correct to ensure that resources are focused on activities that are most likely to produce sustainable value, and that engage with overall enterprise goals.

For more details, see "Exploring the Future: Everyone's IT" (Note: This document has been archived; some of its content may not reflect current conditions) and "The Four Futures of the CIO Role."

Table 1 outlines the most significant attributes of the CIO role for Everyone's IT in a sequence that moves from the definition of the role, to its organizational principles, and its approach to decisions and resources.

Table 1. How to Add the Everyone's IT CIO Role of Enabler and Conductor to Traditional CIO Leadership

Attribute	Traditional CIO	Everyone's IT CIO: Enabler and Conductor	How to Make the Transition
Leadership	Pacesetting or controlling; innovates technology and sourcing.	Leads by vision, with trust. Team building, coaching, leading by example; innovates by exploiting technology.	Establish and socialize the vision for how technology will contribute to enterprise success, and how its collaborative deployment will support that. Use the leadership techniques of engagement and influencing, because the CIO will not have direct management control over all those in the enterprise who source, develop, and deploy technology, and because the Everyone's IT style may need to encompass people beyond the boundaries of the enterprise.
Objectives	Runs the IT organization for effectiveness and efficiency.	Orchestrates technology enterprisewide to create an agile, creative, collaborative enterprise community and network.	Delineate those areas of the business, activities or capabilities in which greater personal, team and business unit latitude in exploiting IT would create significant value. Create and communicate suitable guardrails in the form of policy, training and support services. Lead by example in terms of innovating.
Typical Career Background	Technology management and service delivery.	Building shared purpose, championing innovation, influencing and lobbying.	Identify someone in the IT leadership team who exhibits these characteristics to take the lead role.
Management Approach	Cost control, service quality, IT relationship management, demand management.	Encourages open flow of ideas and relationships; grows IT-literate, business-literate teams enterprisewide.	Recognize and reward contribution and sharing. Ensure and reward transparency of initiatives. Ensure line-of-business accountability for IT-related investments and solutions.
Achievement Target for This Role	Maturity of core IT processes; risk mitigation, efficiency, reliability, continuity.	Harnesses peer-to-peer work.	Create communities of interest and centers of excellence around key capabilities and/or technologies.
Organizational Principle	Structures the formal IT organization into technology expertise and delivery silos.	Facilitation; clarity of purpose enables teams to self-organize without formal control hierarchies.	Culture is central to this approach, with emphases on personal accountability, collaboration and self-policing within the communities. Absent those elements, CIOs need to proceed slowly and develop them first.
Innovation Rationale	Improved technology efficiency.	Enterprise agility, learning and ideation.	Evaluate management practices in the areas of decision making, communication, performance evaluation, strategic planning and time management. Determine whether current management practices in these areas inhibit or promote innovation, and work to remove common innovation obstacles in management, such as misaligned incentives or opaque decision making.

Assets the CIO Role Oversees	Technology assets in the formal IT organization.	Shared assets of information and relationships enterprisewide and beyond.	Progressively move IT assets into the business units that own the processes and associated information. Ensure that economies and efficiencies of scale can also be achieved; operate shared services for only those applications and infrastructures that are widely used.
Finance and Budget	Controls the budget of the formal IT organization.	Coordinates technology expenditures enterprisewide.	Establish transparency of the budget for technology enterprisewide, including the formal IT organization and everywhere else. Focus on business services, with all new investments funded by a sponsor department. Where requested, the formal IT organization may operate as the project manager.
Focus of Governance	Supply and demand for the formal IT organization.	Self-managed collaboration.	For mature organizations (ITScore Level 4-5), there will be little change, because IT investment decisions are the result of creative discussions. Other organizations must reinforce IT governance foundations with collaborative structures and behaviors.
CIO's Value Delivery Approach	Sets technology standards and sources.	Grows collaboration.	Create a culture that rewards innovation, collaboration and sharing. The community should self-police to ensure that resources are focused on things most likely to produce sustainable value, and that resources are supportive of relevant organizational goals.
What the CIO Has to Offer	Cost transparency and control; stable, efficient infrastructure.	Enables collaboration, creativity and thought leadership.	Educate the senior executives about the rules of engagement for this model, as well as the critical role they have in encouraging innovation and exploitation of IT, but ensure that such exploitation remains coherent with the overall framework of purpose and architecture overseen by the CIO.

Source: Gartner (April 2014)

Critical Success Factors of an Everyone's IT CIO and How to Achieve Them

Innovate Information Communities Using IT

At the heart of Everyone's IT is the concept that every business manager is technology-savvy, constantly seeking opportunities with his or her team to exploit technology to enhance business outcomes by improving business processes, optimizing information access, and creating new business models. Business managers need an Everyone's IT CIO to act as an innovation advisor, process and information architect, and resource provider to optimize technology implementation across the enterprise and beyond.

Review and Restate Accountability

The days when the CIO could realistically be held accountable for all things IT are gone in the majority of enterprises. Accountability for enterprise IT, for the definition of the guardrails (in the form of a framework of architecture, among other things) and for supporting services clearly stays with the CIO. However, authority for other technology investment decisions needs to be placed in the hands of the people making those business investment choices, along with responsibility and accountability for delivering the associated business outcomes.

Build Trust With the CEO, CMO, CFO and Business Unit Heads

The critical turning point — when shadow IT starts to move toward Everyone's IT and begins to be a complementary channel for exploiting IT — happens when the CIO opens a dialogue with the senior executive team about embracing shadow IT through the provision of appropriate support services, in return for proper engagement from all stakeholders, the establishment and enforcement of guardrails, and a shift in accountabilities for IT-enabled solutions. The way to build trust with the senior executive group largely depends on its perspective of the exploitation and governance of IT — whether it is toward the efficiency/control end of the IT value continuum or the transformational/agility end. Either way, understanding the current scope and nature of shadow IT, and understanding the drivers behind its growth, is critical. CIOs should identify some specific areas of the business, or specific technology areas (for example, mobile or analytics), where the necessary capabilities, services and relationships can be tried and tested.

Build the Guardrails and Supporting Services

Everyone's IT is not unbounded individual license. It actually requires a disciplined approach to the exploitation of IT. It also requires a culture that we have described above, as well as an open and high-trust environment, if it is to flourish and create value at the enterprise level. This requires some guardrails, which can be reflected in more-formal policies or less-formal cultural norms by which individuals and teams can abide.

Typical guardrails would relate to data privacy, security and compliance. The guardrails may also relate to the areas of the business process and/or the nature of the solutions that are acceptable for end-user solution acquisition or development.

The CIO needs to oversee the creation of the guardrails, build the buy-in with the senior executives, and develop the relationships and culture that underpin the approach.

Create Supporting Capabilities and Services

The role of IT in this model is significantly different, since it is much less about delivery and much more about demonstrating the potential of technology and supporting others in innovating appropriately and safely. As such, in addition to having a personal enthusiasm for this kind of leadership, the CIO needs to develop a team that can offer support on the kinds of tools and technologies that end users are likely to want to exploit. Also, the team needs to create a set of services that users can draw on as they see the need; this could range from program and project

management, down through agile methods, and to consumer and mobile technologies.

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