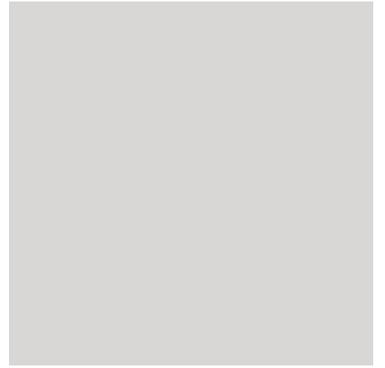
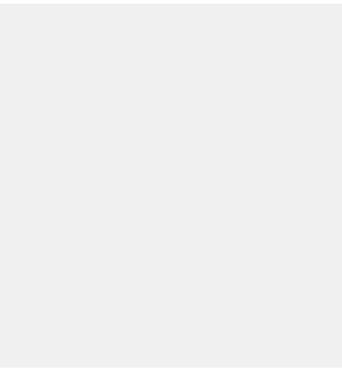
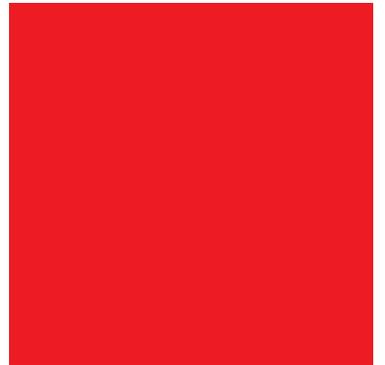
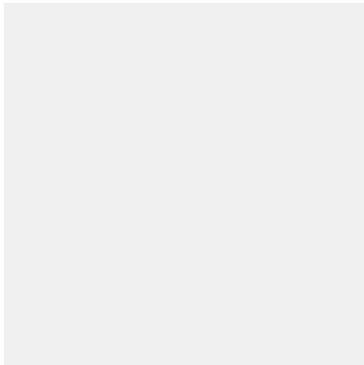
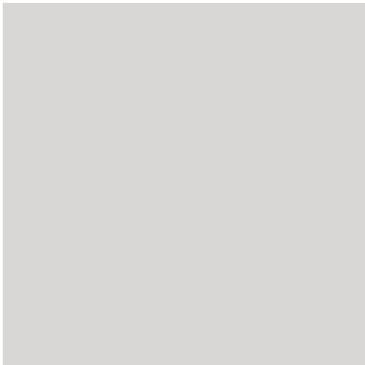




CIO Executive Council
Leaders Shaping the Future of Business



The Big 6:
Frameworks for IT Value and Leadership
A CIO Executive Council Guide





CIO Executive Council

Leaders Shaping the Future of Business

ABOUT THE CIO EXECUTIVE COUNCIL

The CIO Executive Council is a community comprised of 750+ enterprises and over 1,400 CIO's and Senior ICT Executives representing all industries and sizes across 18 geographies including 45+ members in Australia.

Together, the Council forms the most unbiased (vendor and analyst free), reality tested, peer-advisory resource available. Our membership represent leaders from Fortune 500 and midmarket organisations, committed to sharing resources and lessons learned in order to help one another mitigate risk, save time and money, avoid mistakes and make better business decisions.

Whilst the Australian Council is part of the global organisation we work on a decentralised model and have our own Australian Board of Directors made up of local CIOs. This affords us the support and reach of a global organisation whilst allowing us to set our own agenda and address issues that are pertinent to our region.

For more information about the CIO Executive Council or any of our programs please contact:

Kierra DiFloriano
Relationship Manager
CIO Executive Council
P: 61 (0)2 9902 2767
M: 61 (0)404 496 195
E: kierra_difloriano@idg.com.au
W: <http://www.cioexecutivecouncil.com.au/>

EXECUTIVE SUMMARY

This overview of six of the CIO Executive Council's most important pieces of intellectual capital represents the thought leadership of literally hundreds of global CIOs spanning over half a decade. It is intended to convey the Council's position on the current and future CIO role and the value that IT should be creating for the enterprise. We hope that it offers the IT community an intriguing and comprehensive roadmap for continued success.

Note: Links in this document are to resources available only to Council members.

- 1. The IT Value Matrix®**
- 2. The CIO Paradox**
- 3. The Future-State CIO® Model**
- 4. IT Leadership Competency Model**
- 5. The Leadership Competencies Development Journey**
- 6. The Future-State CIO Journey Framework**

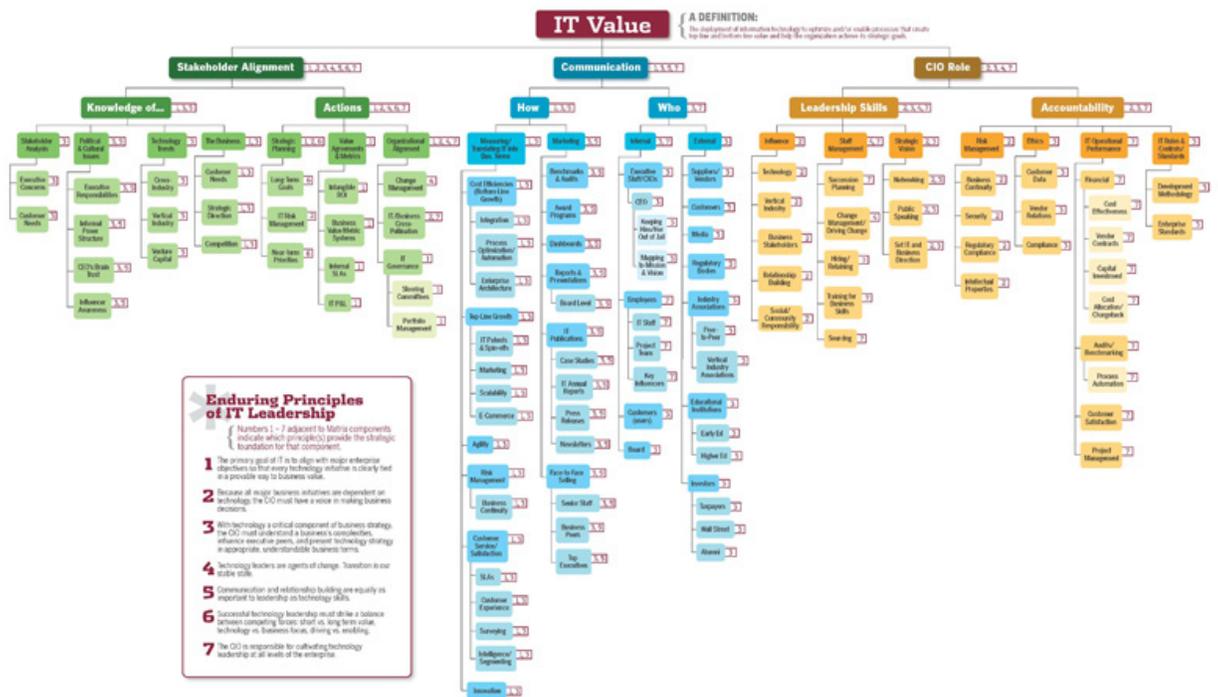
For poster copies of select frameworks, visit the Council eStore:

<https://council.cio.com/estore>

1. THE I.T. VALUE MATRIX®

Unlike most other business functions, IT has no established lexicon to explain what it does and how it should work. To address this gap, a team of Council members created a framework to comprehensively describe what exactly IT does to create value.

The result is the IT Value Matrix, which illustrates the principles and practices essential to creating, identifying and communicating IT's value to the enterprise. The Matrix identifies approximately 130 value-related activities, grouped under three key practice areas—stakeholder alignment, communication and the CIO's role. The practices are organized as a series of nested activities that progress from the general to the very specific. All 130 activities tie back to seven timeless IT leadership principles.



>>> See detail, next page

2. THE CIO PARADOX

As there are timeless leadership principles underlying IT value, there are unfortunately also timeless challenges that thwart the IT organization's efforts and make for a rocky path to CIO success. These are the inherent contradictions we call the CIO Paradox. Council co-founder Martha Heller explored these paradoxes with members and identified best practices for solving or neutralizing them.

CIO PARADOX

YOUR ROLE	
<p>You were hired to be strategic,</p> <p>You are the steward of risk mitigation and cost containment,</p> <p>Your function is seen as a service provider,</p> <p>IT can make or break a company,</p>	<p>but you are forced to spend most of your time on operational issues.</p> <p>yet you are expected to innovate.</p> <p>yet you are expected to be a business driver</p> <p>but CIOs are rarely on corporate boards.</p>
YOUR STAKEHOLDERS	
<p>You run one of the most pervasive, critical functions,</p> <p>Your many successes are invisible;</p> <p>You are intimately involved in every facet of the business,</p> <p>You are accountable for project success,</p>	<p>yet you must prove your value constantly.</p> <p>your few mistakes are highly visible.</p> <p>yet you are considered separate and removed from it.</p> <p>but the business has project ownership.</p>
YOUR ORGANIZATION	
<p>Your staff is most comfortable with technology,</p> <p>Your staff is doing more with less,</p> <p>You develop successors,</p> <p>You are forced to seek cheap overseas sourcing,</p>	<p>but must be good with people.</p> <p>but must make time for learning finance and the business.</p> <p>yet the CEO almost always goes outside for the next CIO.</p> <p>yet you are expected to ensure the profession's development at home.</p>
YOUR INDUSTRY	
<p>Technology takes a long time to implement,</p> <p>Technology is a long-term investment,</p> <p>Your tools cost a fortune,</p> <p>You sign vendors' checks,</p>	<p>yet your tool set changes constantly.</p> <p>but the company thinks in quarters.</p> <p>yet have the highest defect rate of any product.</p> <p>yet they often go around you and sell to your business peers.</p>

>>> See detail, next page

CIO PARADOX

YOUR ROLE

- You were hired to be strategic, but you are forced to spend most of your time on operational issues.
- You are the steward of risk mitigation and cost containment, yet you are expected to innovate.
- Your function is seen as a service provider, yet you are expected to be a business driver
- IT can make or break a company, but CIOs are rarely on corporate boards.

YOUR STAKEHOLDERS

- You run one of the most pervasive, critical functions, yet you must prove your value constantly.
- Your many successes are invisible; your few mistakes are highly visible.
- You are intimately involved in every facet of the business, yet you are considered separate and removed from it.
- You are accountable for project success, but the business has project ownership.

YOUR ORGANIZATION

- Your staff is most comfortable with technology, but must be good with people.
- Your staff is doing more with less, but must make time for learning finance and the business.
- You develop successors, yet the CEO almost always goes outside for the next CIO.
- You are forced to seek cheap overseas sourcing, yet you are expected to ensure the profession's development at home.

YOUR INDUSTRY

- Technology takes a long time to implement, yet your tool set changes constantly.
- Technology is a long-term investment, but the company thinks in quarters.
- Your tools cost a fortune, yet have the highest defect rate of any product.
- You sign vendors' checks, yet they often go around you and sell to your business peers.

3. THE FUTURE-STATE CIO® MODEL

Few would argue that the particular type of IT leader in a company greatly shapes the amount and type of value that IT creates and enables. Indeed, the “CIO role” accounts for one-third of the IT Value Matrix, and a quarter of the CIO paradoxes are arrayed directly against it.

Council members recognized that their own roles were shifting from a predominantly internal, IT-function orientation to one that was more business strategy oriented and external facing. While this shift may have been true for some CIOs, and was certainly good for business value, the Council realized that many IT leaders are not well-equipped for the demands of such a role shift. In response, members created a model of three typical approaches to the role, with an implied progression from the internal functional approach to the external business approach. Using this Future-State CIO Model, IT leaders could identify themselves as one of three types based on their current primary activities, as listed here:

FUNCTIONAL CIO

- Managing IT crises
- Negotiating with IT vendors
- Improving IT operations/systems performance
- Security management
- Cost control/expense management

TRANSFORMATIONAL CIO

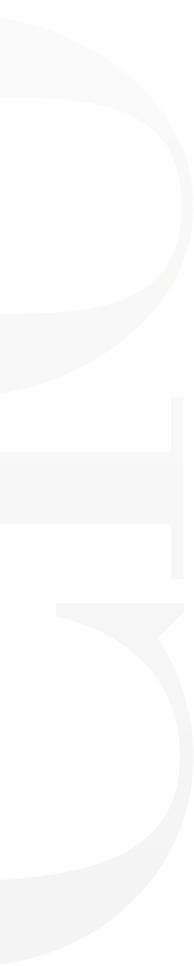
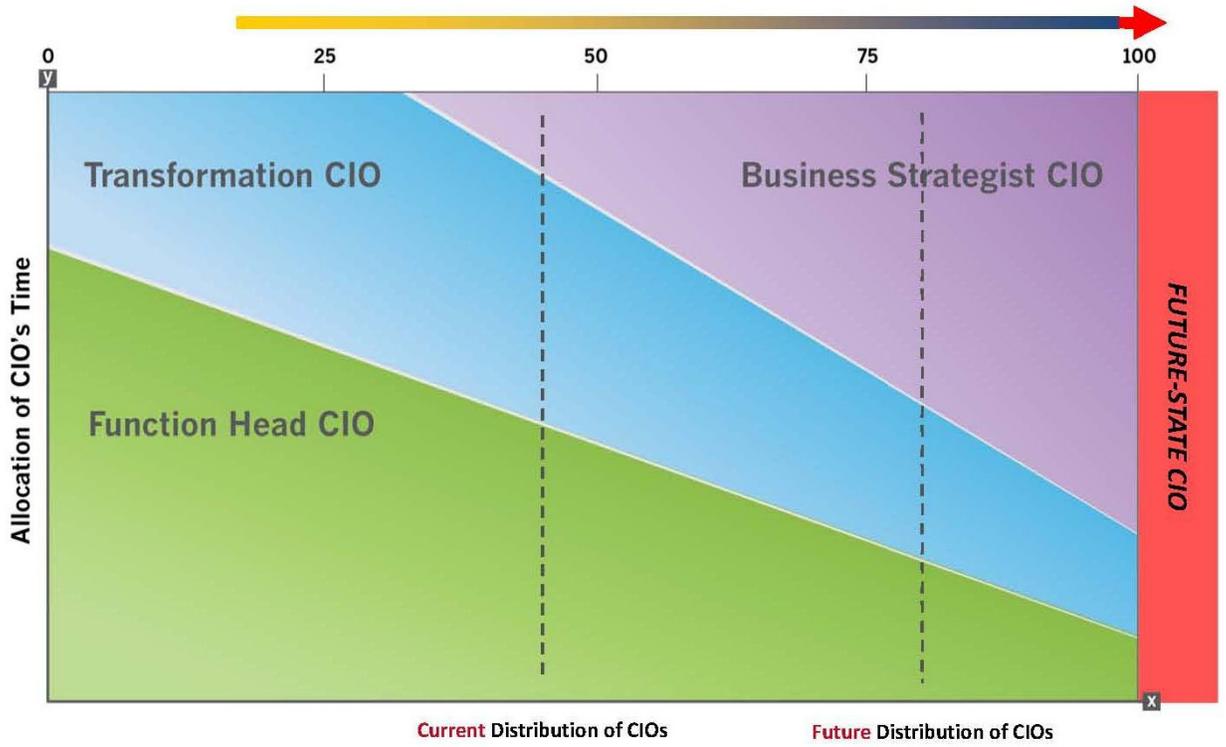
- Redesigning business processes
- Aligning IT initiatives with business goals
- Cultivating the IT/business partnership
- Leading change efforts
- Implementing new systems and architecture

BUSINESS STRATEGIST CIO

- Developing and refining business strategy
- Studying market trends/customer needs to identify commercial opportunities
- Driving business innovation
- Identifying opportunities for competitive differentiation
- Developing new go-to-market strategies & technologies

Of course, no CIO is purely one of the three types. Everyone spends some portion of their time, or has a foot in, all three approaches. However, to be valuable and relevant long term, the Council contends that CIOs must be able to act effectively as Business Strategist CIOs and should allocate more, if not the majority, of their focus to Business Strategist activities. This is the Future-State CIO.

>>> See graphic, next page



4. I.T. LEADERSHIP COMPETENCY MODEL

CIOs who want to shift their leadership focus beyond the IT function need to cultivate and emphasize leadership competencies that will equip them to lead effectively at the enterprise level and at the business strategy table.

In 30 years of assessing executive talent, global executive recruitment firm Egon Zehnder International determined that 10 competencies are core to c-level executive success. The CIO Executive Council has adapted these competencies specifically for the IT profession, applied them to the Future-State CIO Model, and built them into a 360-degree assessment program for CIOs and rising IT leaders.

Core Business Strategist CIO Competencies

- MARKET KNOWLEDGE—understanding the market in which a business operates, including the competition, the suppliers, the customer base and the regulatory environment
- EXTERNAL CUSTOMER FOCUS—serving and building value-added relationships with customers or clients
- COMMERCIAL ORIENTATION—identifying and moving towards business opportunities, seizing chances to increase profit and revenue

Core Transformational CIO Competencies

- STRATEGIC ORIENTATION—the ability to think long-term and beyond one's own area involving three key dimensions: business awareness, critical analysis and integration of information, and the ability to develop an action-oriented plan
- CHANGE LEADERSHIP—transforming and aligning an organization through its people to drive for improvement in new and challenging directions
- COLLABORATION & INFLUENCE—working effectively with, and influencing those outside of, your functional area for positive impact on business performance
- RESULTS ORIENTATION—being focused on improvement of business results

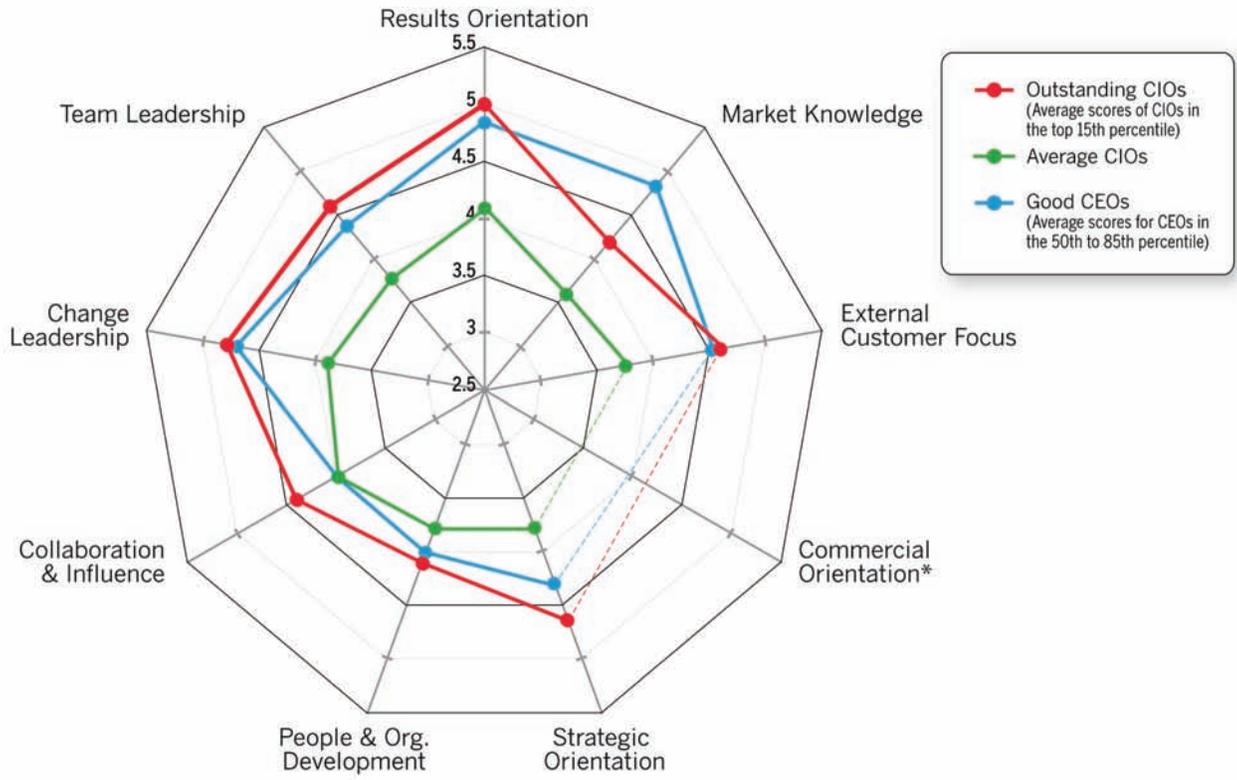
Core Functional CIO Competencies

- PEOPLE & ORGANIZATIONAL DEVELOPMENT—developing the long-term capabilities of others and the organization as a whole, and finding satisfaction in influencing or even transforming someone's life or career
- TEAM LEADERSHIP—focusing, aligning and building effective groups both within one's immediate organization and across functions
- FUNCTION EXPERTISE—the ability to lead one's own functional area or unit to achieve operational excellence

The competency performance benchmark graphic on the next page is based on Egon Zehnder's own in-depth assessments of more than 25,000 executives. It shows how the average CIO's scores differentiate from those of outstanding CIOs and CEOs (those who scored in the top 15 percentile). It is interesting to note that there is relatively little difference in most competencies between the best CIOs and best CEOs, except in those competencies that are most external facing, where CEOs have a significant edge.

>>> See graphic, next page

Competency Performance Index



Note: Per Egon Zehnder, there are not yet enough evaluations of the Commercial Orientation competency to plot its scores on this graph.

5. THE LEADERSHIP COMPETENCIES DEVELOPMENT JOURNEY

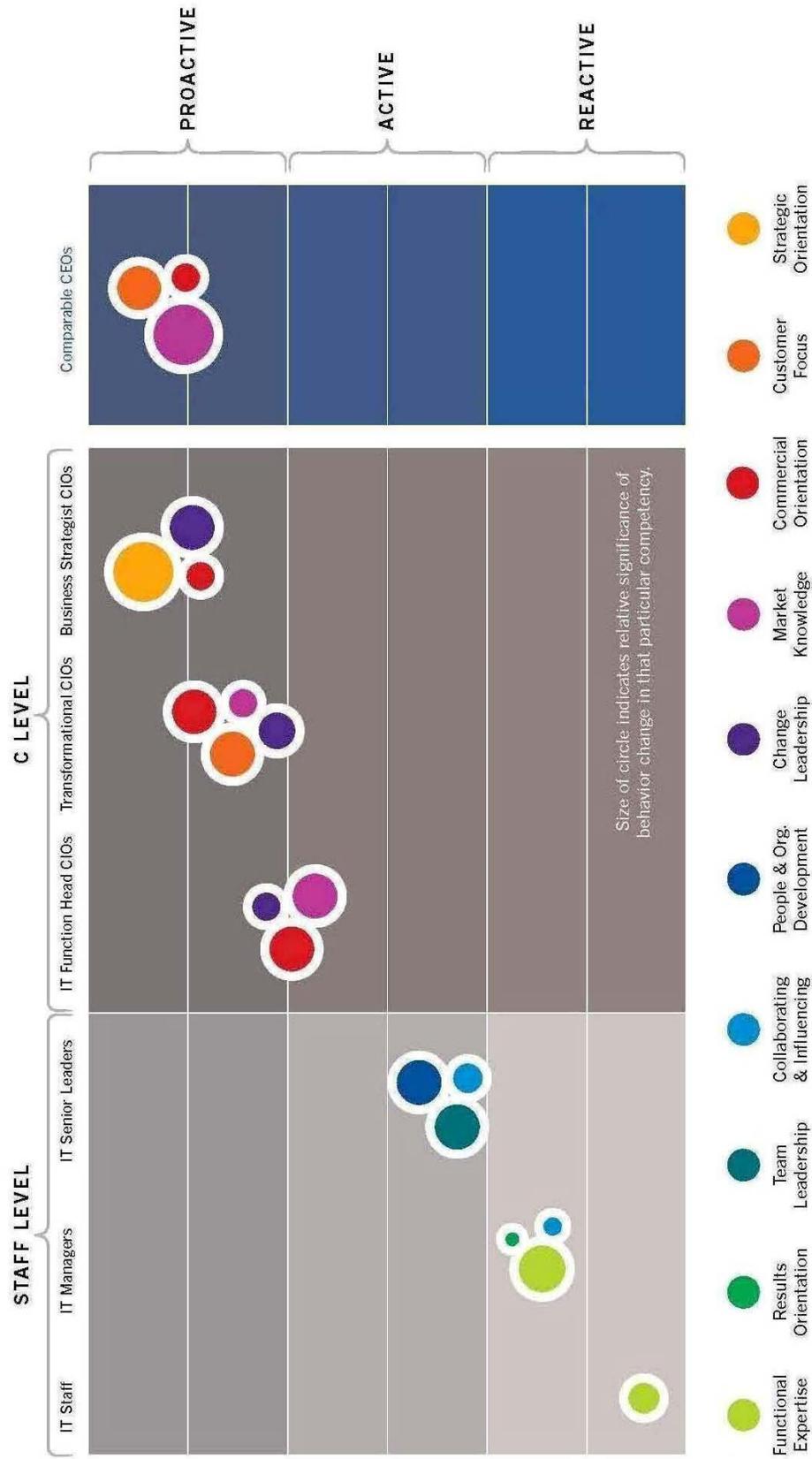
It obviously isn't practical to acquire and develop these competencies at the particular time when they come to the fore. Instead, "it should really be built into their long-term development," says Chris Patrick, partner in charge of the global CIO practice for Egon Zehnder International. To illustrate the optimal development timing for the various competencies, the Council turned to Patrick and Steve Kelner, strategic leadership practice partner at Egon Zehnder International, which developed the Competencies Journey graphic below.

The combinations of competencies (shown by the colored bubble clusters) that come to the fore at each IT leadership level differ, with each combination forming the foundation for the competencies of the level above. Although the Future-State CIO will need all 10 of the leadership competencies, each stage of the journey tests different combinations of skills.

For example, IT senior leaders differ from lower-level IT positions in their need for the competencies of People and Organizational Development and Team Leadership. They don't lose the Functional Expertise that was so important to achieving top performance in earlier roles; but now they need to shift towards engaging a group of people to deliver expertise rather than having and delivering it themselves.

Then, as IT senior leaders advance to the C level, there is a sharp shift beyond good management competencies, such as Team Leadership. Now they must employ more organizational alignment competencies, such as Change Leadership, and business-focused competencies such as Commercial Orientation. These competencies must be developed and applied in increasingly more proactive and strategic ways as the CIO advances on the journey.

>>> See graphic, next page



6. THE FUTURE-STATE CIO JOURNEY FRAMEWORK

Defining the future role and cataloging the competencies that would take CIOs there was only a first step. In 2009, Council members pushed for more—they wanted to help the profession make the journey from Function Head to a Business Strategist. Although a single prescription for advancing the role is impossible because CIOs' circumstances are all different, members wanted a general roadmap and guidance.

The Council turned to its advisory board and more than 50 members worldwide to develop and vet a new framework that illustrated not just the three types of leadership, but the steps along the journey. The Mayan pyramid-like framework (see next page) defines the journey as advancing the role from:

- a Functional leadership emphasis, where IT establishes credibility;
- through Transformational leadership, where IT becomes influential;
- through to Business Strategy leadership, where IT achieves its maximum value as a business “game changer.”

CIOs never cede accountability for the prior levels they are moving up from; these levels remain as foundations for the next. The CIOs just shift their primary attention and activities over time to the responsibilities of the next level.

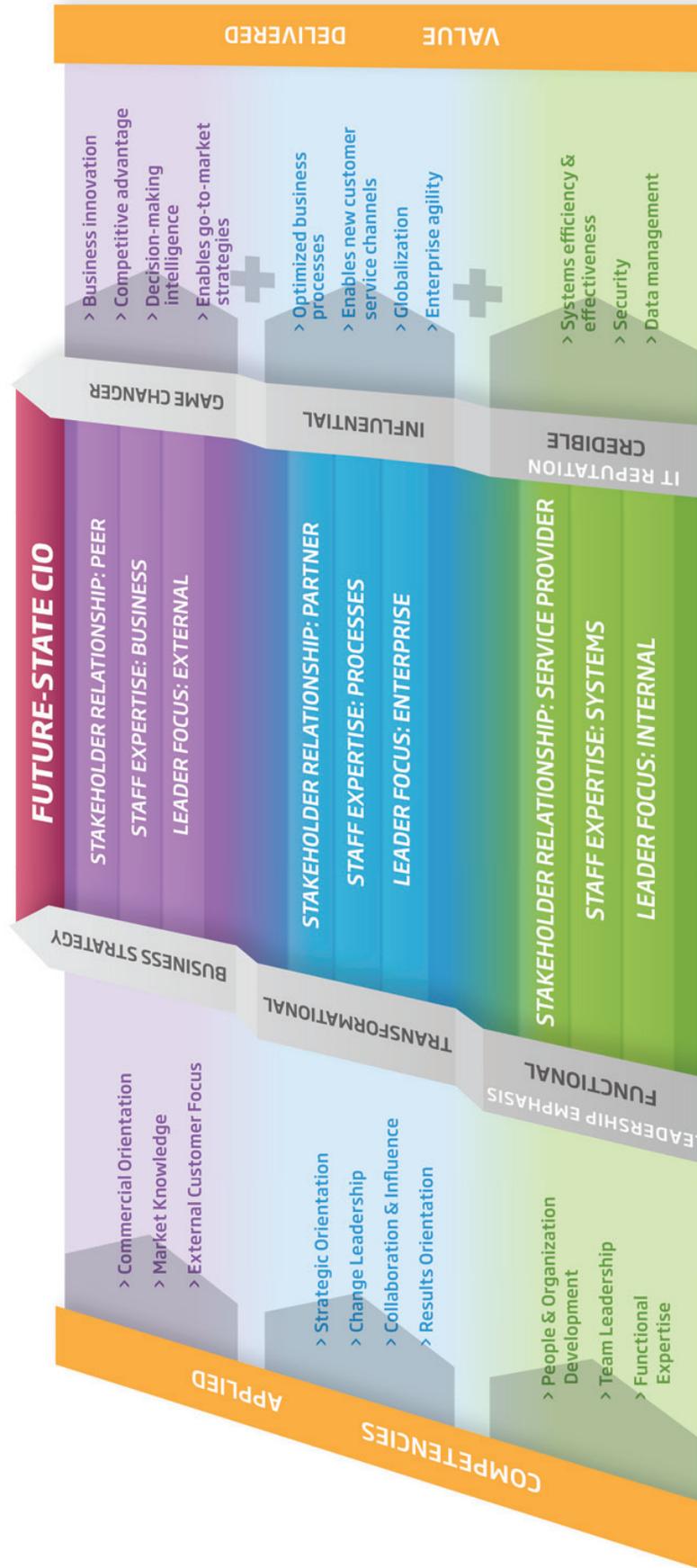
There are three repeating steps at each stage of the journey—the leader's focus, IT staff expertise and stakeholder relationships. Ignoring any one of these three can impede the entire journey, since no leader can advance without support from his or her staff, and without cultivating stakeholder relations.

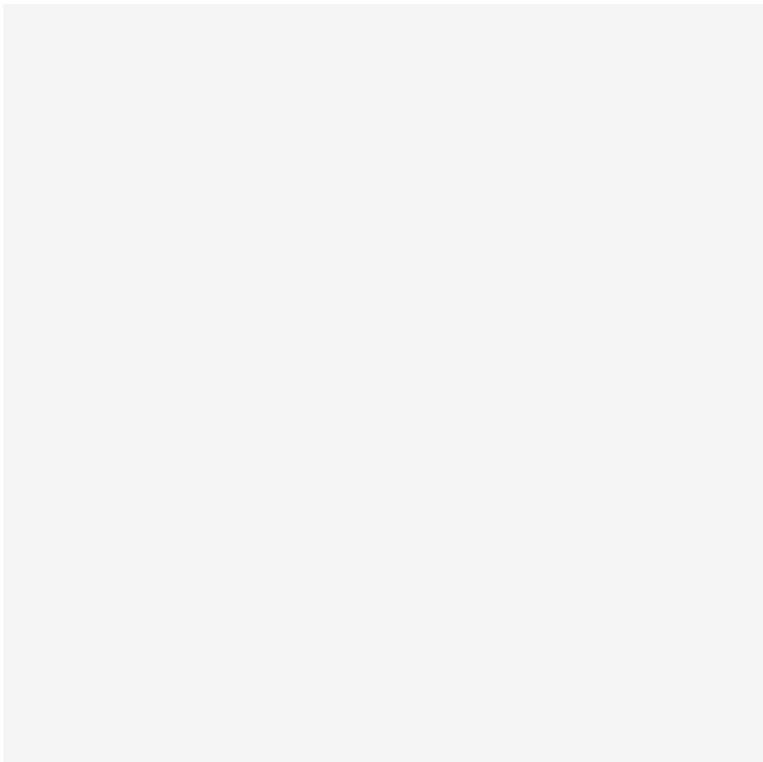
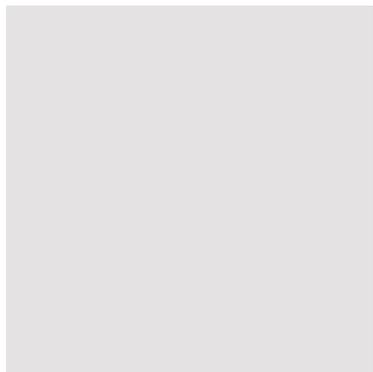
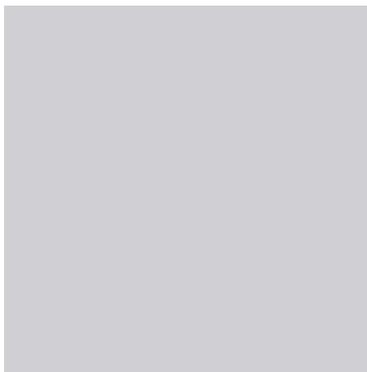
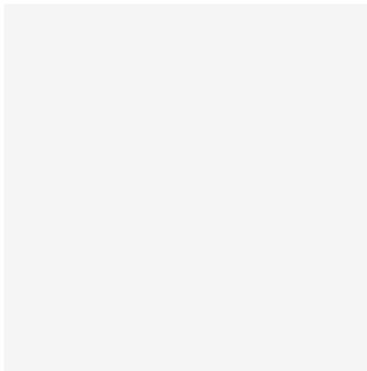
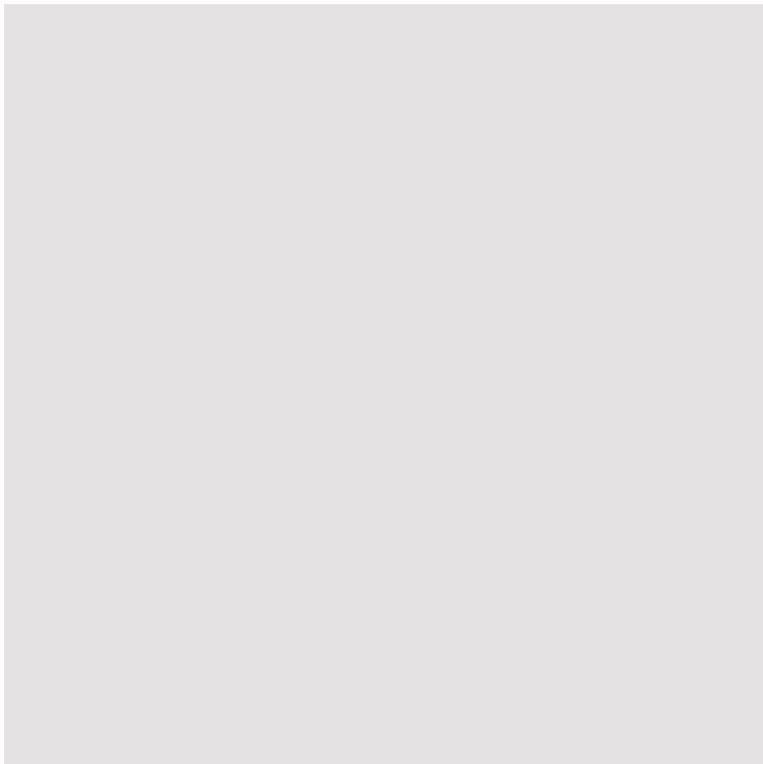
At each stage, there are inputs and outputs. The inputs are the particular leadership competencies—from the Leadership Competencies Model—that are emphasized. They are a cumulative portfolio that CIOs carry with them. They correspond to each CIO's focus—the Functional competencies are largely internally oriented and the Strategist competencies are externally oriented. The outputs are the various types of enterprise value that are created and contributed by IT's activity. Because of the leader's focus and the expertise of the IT staff, the value delivered most consistently is differentiated at each stage.

- Function Heads primarily deliver efficient and effective systems operations and data management.
- Transformation leaders deliver business process optimization and agility.
- Business Strategists are more likely to deliver innovation and competitive advantage, and new opportunities for growth.

All this value delivery is cumulative; when IT reaches the Business Strategist or Future-State stage, the CIO and IT organization are able to deliver the entire cumulative gamut of value on a consistent basis. This, then, is the maximum value that IT is capable of creating and enabling, and value is what it's all about.

>>> See graphic, next page





CIO Executive Council

Leaders Shaping the Future of Business

Kierra Di Floriano
Relationship Manager

M: 61 (0)404 496 195

CIO Executive Council

E: kierra_difloriano@idg.com.au

P: 61 (0)2 9902 2767

W: <http://www.cio.com.au/executivecouncil>

The CIO Executive Council is a member-led executive organization, consisting of current and future business leaders working to impact the intersection of business, technology and strategy. Our mission is to foster measurable value for all members by enabling them, through peer reliance and outreach, to apply the knowledge, insights and best practices of their peers to the success of their enterprise and personal achievement.

To learn more about the CIO Executive Council, visit council.cio.com.