



CIO
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Nine competencies that can elevate the CIO to business leader

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Develop operational stewardship, IT leadership, and entrepreneurship

The modern CIO's job description places equal emphasis on operational know-how, dynamic leadership, and practical business acumen. Our global CIO survey and interviews with CIOs and business stakeholders confirm that CIOs want to hone their leadership skills and develop new competencies to take on the role of business leader. Currently, 55 percent of CIOs surveyed report that they are primarily focused on operational and execution responsibilities—leaving little time for more strategic tasks. Fifty-two percent want to change the way they currently spend their time across various responsibilities.¹

Although orchestrating business and IT operations is a table stakes expectation, it represents only a single leg of a three-legged stool that supports the CIO's transition from technology leader to business leader. Nine competencies in three functional areas—operational stewardship, IT leadership, and entrepreneurship—will help CIOs transition from technology leader to business leader. (See figure 1.)

Figure 1. Competencies for Transitioning from Technology to Business Leader

Functional Area	Goal	Competencies
Operational stewardship	Optimizing business operations	<ul style="list-style-type: none"> • Driving agility • Ensuring security and resilience • Leveraging ecosystems
IT leadership	Anticipating and aligning with business needs	<ul style="list-style-type: none"> • Fusing business and technology strategy • Developing talent • Designing the IT operating model
Entrepreneurship	Delivering competitive advantage	<ul style="list-style-type: none"> • Shaping innovation • Engaging customers • Digitizing the enterprise

Operational stewardship: Optimize business operations

Smooth and efficient IT operations are essential, but operational stewardship also includes the ability to develop and deliver capabilities in anticipation of business needs, and to be agnostic about building, buying, or renting these capabilities. Competencies in this functional area include driving agility, ensuring security and resilience, and leveraging partner and vendor ecosystems.

- **Driving agility.** CIOs must drive agility in both the IT organization and the enterprise. Within the IT team, CIOs can build agile development, iterative application development, and DevOps capabilities that ensure higher delivery speed and lower defects. Within the enterprise, many CIOs grapple with existing legacy and core environments—often decades old—that limit the business. The decision to platform, revitalize, remediate, replace, or retrench legacy investments is complex, but it’s necessary to develop a more flexible, intuitive, and responsive back end that supports front-end agile processes and technologies such as sensors, connected devices, and analytics platforms.² In our global survey of CIOs, 40 percent of CIOs

told us that they were planning to revitalize legacy infrastructure and 27 percent said they planned to replace outdated systems with new ones.³

- **Ensuring security and resilience.** Sixty-one percent of CIOs surveyed identified managing risks and protecting digital assets as a core expectation, and about the same amount (64 percent) said they expect their technology spend on cybersecurity to increase over the next two years.⁴ A critical operational goal is to proactively influence and educate business leaders and employees on cybersecurity matters and develop appropriate strategies for protecting networks and data.
- **Leveraging ecosystems.** The partner, vendor, and service provider ecosystem can be an abundant source of ideas and innovation that can jumpstart IT capabilities. To discover innovative solutions for business problems, savvy CIOs extend their ecosystems to include global incubators, innovation ecosystems, and innovation hubs. However, our research revealed a gap in this area: only 31 percent of CIOs view sourcing, vendor management, and leveraging suppliers and partners as essential to their success.⁵

IT leadership: Anticipate and align with business needs

Equally important is the ability to lead the IT organization in lock-step with business priorities and goals. IT leadership includes taking charge of the department's vision, operating model, talent and engagement strategy, and culture. Competencies including fusing business and technology strategies, developing talent, and designing the IT operating model.

- **Fusing business and technology strategies.** Successful fusion of business and IT priorities into a unified business technology roadmap helps CIOs stay focused on business outcomes. An overwhelming majority (78 percent) of CIO survey respondents agree that strategically aligning their departments with business and performance goals and business engagements is an organizational capability that is essential to their success.⁶ Stakeholder influence is critical—global CIO survey results show that compared to other CIOs, business-focused CIOs have the strongest relationships with a wider spectrum of business leaders.⁷ Other strengths that contribute to this competency are financial acumen and a keen understanding of markets and disruptive forces.
- **Developing talent.** CIOs that participated in our global CIO survey told us that talent is a key factor in determining CIO

legacy—the CIO's long-term organizational impact.⁸ Forty-five percent say that engaging, motivating, and acquiring talent is essential for success; however, only 35 percent rank attracting and retaining talent as a personal strength.⁹ Specialized technologists such as Java developers and ERP configurators will always be prized, but IT leaders are also seeking talent with skills in experience design, data science, analytics, and other digital transformation-enabling skills. As an IT leader, the CIO supports high performers; provides opportunities to actively engage in multiple areas so that both IT and business stakeholders can achieve career, business, and IT goals; and develops an IT culture where talent understands business drivers, customer expectations, and the external market.

- **Designing the IT operating model.** Strong technology governance processes help CIOs prioritize technology investments, maintain accountability, and deliver business results. To achieve mastery in IT leadership, CIOs ensure the IT operating model—including organizational design, infrastructure, resources, processes, competencies, capabilities, and delivery models—meets current and future business needs, is agile enough to facilitate both operational excellence and innovation, and supports multiple delivery speeds.¹⁰



Entrepreneurship: Deliver competitive advantage

Like an entrepreneur, CIOs that experiment with new IT capabilities and emerging technologies—while leveraging stakeholder relationships and knowledge about business priorities—can deliver a high level of value to their organizations. Key competencies for entrepreneurship are shaping innovation, engaging customers, and digitizing the enterprise.

- **Shaping innovation.** To make technology-driven innovation an organizational priority, CIOs assign responsibility, allocate budget, and demand accountability. Some are actively involved in scanning for disruptive or innovative technologies and pursuing partnerships or acquisitions to bolster innovation capability. Yet it remains a gap for the majority of CIOs—only 18 percent describe their IT organization's capability for innovation and disruption as excellent or leading.¹¹ CIOs that are helping to shape innovation told us in interviews that they delegate operational responsibilities, especially in areas that did not add competitive advantage. Many use service providers, but some have very strong lieutenants that manage operational responsibilities so CIOs can focus on understanding and reacting to changing market forces.
- **Engaging customers.** Forty-five percent of the CIOs we surveyed in 2015 said that customers were the No. 1 business priority; a year later, that percentage climbed to 57 percent.¹² IT and business strategies that are aligned enable—or even drive—breakthrough innovations that result in new and more customer-centric business models, markets, or even industries. For example, Boeing's digital aviation unit uses data from thousands of aircraft-embedded, internet of things (IoT)-connected sensors to generate analytics that enable predictive aircraft

maintenance, better fuel efficiency, and more effective fleet management.¹³

As customer experience becomes an increasingly important competition battlefield, CIOs will leverage this competency to digitally provide their organizations with an unprecedented understanding of the behavior, preferences, and influence of individual customers.

- **Digitizing the enterprise.** By creating an enterprise-wide infrastructure that applies digital technologies to traditional products and services, CIOs drive value across the business. For example, technologies such as robotic process automation, IoT, and predictive analytics automate and data-enable manufacturing processes, drive new supply chain models, and connect and automate consumer products for predictive maintenance. The savvy CIO combines a global, sophisticated view of the enterprise with holistic thinking about organizational change and how it may impact the business.



Self-assessment: Transitioning to business leader

Mastering the nine competencies in these three functional areas can speed and smooth the transition from technology leader to business leader. There is no pre-determined formula that will work for every CIO, and every CIO's journey will be unique, depending on industry, market, customers, company, business priorities and challenges, available talent and resources, CIO strengths and weaknesses, and other factors. The following self-assessment can help CIOs identify strengths and weaknesses in each area and develop a plan for filling any gaps.

Rank your level of agreement with the following statements based on the following 5-point scale.

- Strongly Agree—5 points
- Agree—4 points
- Neutral—3 points
- Disagree—2 points
- Strongly Disagree—1 point

Operational Stewardship

1. Our technology operations are efficient and effective, and our IT environment is reliable and compliant.
2. We have strong IT governance to ensure prioritization, accountability, and transparency.
3. I deliver the majority of technology projects on budget and on time.
4. I have built a robust ecosystem of vendors, third parties, and partners whose capabilities we leverage.
5. Our delivery teams use agile methodologies to provide speed, flexibility, and iterative delivery.
6. My business peers often engage me on operational issues.
7. We have a robust strategy to update legacy and core environments.
8. We have strong protection, detection, and response capabilities for cybersecurity threats.

IT Leadership

1. I maintain deep relationships across the company and provide other leaders in my organization with opportunities to do the same.
2. Every person in IT has a clear understanding of how they are contributing to business value.
3. We have a good talent acquisition strategy and are able to attract the best talent in our market.
4. We have a culture of high performance that encourages healthy competition.
5. I invest my time in engaging, mentoring, and providing stretch opportunities for IT staff.
6. Our IT operating model (processes, people, capabilities, and technologies) fulfills current business needs and is evolving to address future needs.
7. I expect high levels of performance, and measure and reward high performers well.

Entrepreneurship

1. I enjoy making calculated bets to solve business issues.
2. I engage with end customers and am involved in delivering technology and better experiences for them.
3. We have excellent sensing and prototyping capabilities for emerging technologies.
4. I keenly follow our industry and marketplace trends and visit customers regularly.
5. Business leaders regularly seek my input/feedback on business strategy.

How to interpret the results

• Score between 80–100: Business Leader.

If you scored 80 or more points, you have many of the competencies embodied by a CIO who is a business leader. Look at specific areas where your score was low and make any adjustments/course corrections as needed.

• Score between 60–80: Functional

Leader. If your score is between 60 and 80, you are well on your way to becoming a business leader. Start by comparing your scores in the three major categories to determine which needs more attention; then examine individual responses in each category to develop a plan for moving forward.

• Score 59 or less: Technology Manager.

If you scored 59 or less, you likely need to work on all three of the functional areas. Determine your business need and go after some quick wins, but to become a business leader, you should simultaneously build capabilities in all three areas. Be aware of key dependencies—for example, you need good talent to be an effective operational steward, and you may need to develop innovation competency to contribute to business strategy.


Endnotes

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