Taking the reins as a CIO

Deloitte University Press

About the author

Dr. Ajit Kambil is the creator of Deloitte's Executive Transition Labs—a unique one-day experience to help senior executives such as CFOs, CIOs, CHROs, and other executives frame their go-forward priorities, and to plan for the talent resources and influence strategies required to execute those plans. Previously, as global director of Deloitte Research from October 2003 to September 2008, Dr. Kambil renewed Deloitte Research's strategy for developing and bringing new ideas, insights, and innovations to Deloitte's clients and leaders through a worldwide group of researchers. Before joining Deloitte, Dr. Kambil was a senior research fellow and associate partner with Accenture's Institute for Strategic Change (now the Institute for High Performance Business), where he led diverse research programs in ecommerce, supply chains, venturing, and innovation. As a member of the faculty in information systems at NYU's Stern School of Business, Dr. Kambil pioneered ecommerce courses in the MBA and executive MBA programs and led the NSF-sponsored EDGAR program pioneering the dissemination of corporate disclosures on the Internet. Dr. Kambil is widely published in leading business and technology journals, including *Harvard Business Review*, and holds a PhD in information technologies as well as three other degrees from the Massachusetts Institute of Technology.

For more information about Deloitte's CIO Program, email us at USCIOProgram@deloitte.com.

Contributors

Ash Raghavan (co-author and researcher) is a principal with Deloitte & Touche LLP. He leads the overall strategy and operations of the CIO Transition Labs. Raghavan brings over 15 years of experience in information technology serving Fortune 100 clients and CIOs, and is a leader in Deloitte & Touche's Insurance practice as well.

Taryn Powell Aguas (co-author and researcher) is a founding member of Deloitte's CIO Program and leads the development and operations of Deloitte's CIO Transition Labs and Next Generation CIO Academy. Aguas has over 12 years of management consulting experience in technology risk services, and served as the chief of staff for Deloitte's Security & Privacy Services practice prior to focusing on the CIO Program.

Contents

Beyond the table stakes

When Patty Morrison took the reins of the information technology (IT) department of Cardinal Health, it was her fifth stint as CIO. But that didn't mean it would be an easy transition. She was new to both the company and the health care industry. She also had to hit the ground running—a large platform transition project had to be tightly led and managed from the first day, and existing software contracts were in need of attention.

So, despite 30 years of experience, she started by asking questions—about the company's culture and how best to fit in. She devised a detailed personal 100-day plan to guide her own efforts to learn about the business and meet as many people as she could. And she vetted her ideas with her peers to find out how best to move IT forward in the company's context.

When taking the reins, some CIOs, like Patty, are newcomers to an organization or even an industry. Others are veterans of an organization or industry but new to an IT role. And some long-time members of an IT department are elevated to the top post for the first time. Regardless of their journey to the new position, most CIOs face a common set of core challenges. They must consider mastering the basic skills that comprise the "table stakes" for the role as well as excel in the differentiating skills that represent potential "game changers."

> Regardless of their journey to the new position, most CIOs face a common set of core challenges.

Incoming CIOs can expect that the organization will assume they are proficient in the day-to-day skills of running an IT department—managing operations, architecture, vendors, compliance, and risk, and keeping up with the latest technology. But proficiency in these foundational skills will only make for a good, and perhaps short-lived, CIO. A great CIO possesses and applies capabilities that create value for the business.

Clearly, many incoming CIOs have struggled to meet these high expectations. While *CIO Magazine* reports the average tenure of a CIO has grown to five years and nine months over the last few years,[1] a global survey of CIOs by Janco in 2012 shows a median tenure of four years and two months, with 40 percent of CIOs having a tenure of less than two years.[2] The latter suggests that transitioning to CIO may be challenging for many CIOs—especially for the 40 percent who leave within two years.

CIOs who excel in the role are ready to make strategic business decisions by leveraging IT knowledge and experience. They drive innovative solutions that provide competitive advantage and communicate in the language of the business with a strong understanding of the financials and key drivers of business value.

They position IT as an "open book" in the organization, being transparent about goals, risks, priorities, and rationale for decisions and policies. They adapt to different environments and garner support to accomplish initiatives by utilizing political skills and agility. Top-tier CIOs also apply influence- and relationship-building techniques to develop strong networks. And they tackle talent management challenges strategically to build a strong team with a broad skill set, exposure to the business, and a robust pipeline for the future.

To assist CIOs in transitioning more effectively into their new roles, the Deloitte CIO program conducted research interviews with 12 CIOs on their transition experiences. We applied the research to a pilot CIO Transition Lab and then refined it based on lessons learned. The lab is a one-day experience during which CIOs establish their critical priorities, evaluate their organization, and frame a leadership strategy and work plan to move their agenda forward with their varied stakeholders.

Taking the reins as a CIO synthesizes key findings from our CIO interviews, 12 pilot labs, and our research and experience relating to executive transitions.

The four faces of a CIO

THE CIO at a large life sciences company encountered several disparate problems when taking on the role, which had been vacant for more than a year. IT was not perceived by the businesses as being effectively connected to the business or as a valued business partner. The IT department lacked governance processes for investment. Operationally, IT hadn't established clear service-level agreements with the businesses, and its processes for monitoring project-level spending and issues were ineffective.

In the first six to seven months, the CIO rebuilt the IT organization—replacing four out of seven direct reports, while 35 others left the payroll. The CIO also initiated improvements in operating discipline. By resolving operational and technology architecture issues in the first year, the CIO was able to shift focus to adding more value to the company's core processes.

The CIO's role actually breaks down into four sub-roles or "faces."

New CIOs step into a variety of business situations—some inherit a well-functioning IT group, while others step into IT organizations that are broken or where the prior CIO may have been let go. To establish themselves, CIOs not only need to navigate the issues they inherit, but they also need to navigate relationships and establish clear expectations for their role.

Building on our work with executives in transition and our CIO interviews, we have found that the CIO's role actually breaks down into four sub-roles or "faces." CIOs can use our "four faces" framework as a guide to manage their relationships with critical stakeholders and to help fulfill their role's wide-ranging expectations.

Strategist: The CIO, as a strategist, partners with the business to align business and IT strategies and maximize the value of technology investments. The CIO's main objective as a strategist is to ensure that IT can effectively fulfill its role in enabling the company's strategies for growth or market positioning. The strategist role also entails informing the business about how IT can enable distinctive capabilities that drive new revenues, create opportunities such as serving new customers or markets, or provide new flexibility to navigate potentially adverse events and risks. One CIO fulfilled this role by helping his company become the industry's M&A leader. He pushed for the adoption of a middleware strategy that positioned the company to support quicker post-merger integration as it grew through serial acquisitions.

Catalyst: As a catalyst, the CIO instigates innovation through transformational change in business architecture, strategy, operations, and technology—such as major process re-engineering and relocation of critical assets. CIOs may also catalyze change in the governance and delivery of IT to create sustained value. Effective and transformational IT projects demand that CIOs play a leadership role in the related changes affecting people and processes. CIOs need to work with their business partners to sell and deliver change in their organizations. One executive promoted from within the company to the CIO role catalyzed a centralized shared-services IT organization, which allowed IT to upgrade its talent and capabilities.

Technologist: In their role as technologists, CIOs frame the critical technology architectures that will deliver value through IT in the future. They select technologies that provide the flexibility and agility to adapt to future conditions. This includes, for example, determining that systems are readily interoperable across different business and organizational divisions, and that they can be easily maintained or scaled at low cost. It may also mean putting in place redundant systems in some cases or separating critical systems from broader networks to assure security. The technologist is responsible for architecture choices—such as migrating applications to the cloud or selecting new enterprise resource planning (ERP) platforms to support the business—as well as the company's technology and system choices.

Operator: This role encompasses the CIO's operational activities. The responsibilities include hiring and overseeing the IT staff, managing the department, and ensuring the reliable day-to-day delivery of key systems, data, and information to the organization. An operator establishes service-level agreements with IT's key customers and confirms delivery at the required levels. The CIO also oversees the delivery of different types of systems and applications, ranging from enterprise applications to end-user computing.

Which of these four faces dominates the CIO's agenda? During the transition phase, the operator and technologist roles can often dominate, because the CIO is focused on understanding the technology environment and getting the core IT operations in order. Our research found that CIOs typically spend 60 to 70 percent of their time in operator and technologist roles during the first six months to one year. After this transition phase, they tend to emphasize harnessing the value of technology by spending 60 to 70 percent of their time as strategists and catalysts. However, the strategist and catalyst roles can dominate at the outset if the organization lacks a coherent strategy, and the CIO needs to reset expectations with key stakeholders and establish new governance processes to complement organizational changes.

The typical shift of emphasis to the strategist and catalyst roles is unsurprising given that we also found that CEOs and other business stakeholders viewed flawless delivery of IT as merely table stakes for the CIO's role. Today, CEOs typically seek out a CIO who can partner with them to create value for the business as a strategist and catalyst while also delivering the essential IT services to the organization. To meet this challenge and smoothen the transition when taking the reins, CIOs should create and communicate clear expectations regarding their roles and how they will allocate their time to address the most important issues in each component of their job.

Time, talent, and relationships: Managing the essential transition

CONSISTENT with our studies of other executive transitions, we found that a CIO's success is determined in large measure by how effectively he or she manages three key resources: time, talent, and relationships.

Time

Incoming CIOs can expect to face a wide range of demands on their time. Internal demands can relate to fixing IT systems that are no longer reliable and restoring cohesiveness to IT organizations characterized by silos and a lack of shared responsibility among staff. Relationships between the IT organization and its internal clients may also need mending. External-facing demands may relate to improving strategically vital technology that connects the company to its customers or tackling significant vendor-management issues. The extent of the demands on time may not always be apparent when considering a position. One CIO noted, "I almost feel I was lied to—but they just did not know how broken it was." Navigating the varied demands on time is critical, which can make it imperative at the outset for CIOs to establish clear priorities and a schedule for their use of time.

Most CIOs told us that they initially set a time frame of 90 to 100 days to establish themselves in their role. In many cases, CIOs were influenced by business books or articles that tout the importance of this time period as a planning horizon. But as our interviews continued, we found that setting clear, measurable goals for progress was more important to outcomes than the exact number of days CIOs gave themselves to make the transition. The absence of a specific, standardized initial time frame (dictated by external statutory reporting events, for example) presents both an opportunity and a risk for CIOs. It means CIOs must create their own realistic milestones and expectations with their constituents for successfully taking the reins. Indeed, one CIO set multiple planning horizons—30 days, 90 days, 180 days, and one year—each with tangible milestones for establishing himself in the new role. When we asked CIOs what they accomplished in the first 90 days, we received a wide range of answers—from creating a general framework for making progress in the role to delivering some tangible fixes. Executives often tailored their plans to the needs of their specific situations.

As an example of how time can be allocated, consider the approach followed by the CIO at a large health care company. Faced with a large budget shortfall, he used the first 30 days as CIO for an initial assessment phase—obtaining a general understanding of the services IT delivered to stakeholders and getting to know his direct reports and the level immediately below. From days 30 to 75, he introduced programs such as an overall project management office and project governance process. He also made changes to his leadership team and framed a plan to deal with budget issues. During the next four months, he reviewed and transformed the overall service management and delivery program. This entailed standardizing processes for handling incidents and problems, introducing new approaches to structuring applications and application audits, and defining changes to implementing business solutions.

For the CIO at a large life sciences company, the first 90 days was about listening to key stakeholders and going public with his initial plan. The plan had five goals. The three most important ones were establishing the governance and organizational model, a preliminary project roadmap, and a service catalog. It also set out how the business and IT could work together to clean up existing project problems over a one-year amnesty period. By month four, he had prepared a detailed organization design and staffing model and began a restructuring effort. By month nine, he had replaced 50 percent of direct reports and eliminated 35 positions across the organization.

A CIO's success is determined in large measure by how effectively he or she manages three key resources: time, talent, and relationships.

Based on our interviews and experience discussing transitions with CIOs and other executives, we recommend that CIOs consider allocating their time and setting expectations on the basis of a 180-day plan. This time period can give CIOs a sufficient opportunity to understand stakeholder needs, set a clear initial strategy, and begin the effort to upgrade key talent and resolve the most critical IT delivery problems. Although CIOs should tailor it to their own needs and organizational context, we recommend the following timeline as a starting point for setting expectations:

0–30 days: Connect with key stakeholders, direct reports, and one level down to establish a preliminary understanding of what needs immediate attention and how to operate in the organization.

30–90 days: Continue conversations with stakeholders to define an initial framework of priorities and develop an initial plan by 90 days. Complete the talent assessment and new organization model. These include assessing and testing the capabilities of direct reports and other staff to understand talent needs, and beginning to restructure the organization. Build support as needed for governance and new ways of interacting with IT's customers (such as establishing new reporting relationships, teams, and working groups on projects). Decide which IT projects need to be "killed" or deferred to free resources for more important initiatives.

90–180 days: Deliver initial projects and quick wins, and complete the restructuring of the IT organization. Continue implementing the new organization structures and governance models.

180–360 days: Complete the effort to resolve organizational issues that are susceptible to being addressed within a year. Define a strong three- to five-year IT roadmap and plan to deliver IT in the future, and finish establishing the new organizational and governance models for IT oversight.

Talent

Some transitioning CIOs are lucky enough to join a well-functioning IT organization that requires few leadership or staff changes. But we have found that CIOs typically inherit an organization that needs to be improved and restructured to meet the company's evolving needs.

For example, when Barry Libenson joined Land O'Lakes, he moved quickly on assessing talent and driving critical leadership changes. A few leadership changes were made in the first 60 days—and 90 percent of the major leadership changes were completed in the first six months. Fortunately for Barry, his extensive network enabled him to recruit six critical staff in the first six months. Six months is typically the minimum time most incoming CIOs need to assess talent, begin recruiting new talent, and restructure part of their organization.

We consistently found that reorganizing an existing IT department and upgrading talent are among the most difficult challenges for new CIOs and, in fact, often takes longer than six months. Good IT talent is scarce and often difficult to recruit. Moving weak players out of the organization can be difficult for bureaucratic or political reasons. The timing of an organizational restructuring may also be contingent on existing projects, because teams may be reluctant to lose a particular staff member with critical knowledge. Consequently, new CIOs need to make difficult trade-offs when making their talent moves—balancing the risk of losing knowledge against the cost of retaining low performers. The trade-off usually argues in favor of moving quickly to upgrade talent. In addition to the organizational costs, the CIO will need to spend valuable time managing poor performers to avoid placing his or her own reputation at risk. It's thus not surprising that many CIOs tell us their biggest regret during a transition was that they did not move quickly enough to upgrade talent.

More importantly, CIOs need the right talent in the organization so they can focus on issues beyond the table stakes of delivering IT services. As Patty Morrison of Cardinal Health aptly noted, "If you are spending too much time on execution, then you do not have the right people in the right places." CIOs who don't have the right people in place often can't devote enough time to the strategic aspects of their role. The need to focus on execution diverts valuable time from the agenda they were hired to pursue—a dangerous trap that has undermined many transitions.

Relationships

CIOs need to manage a wide range of internal and external relationships, and doing this effectively is critical to their success. As Mark Polansky, managing director of IT executive search at Korn/Ferry International, noted, the two biggest complaints he hears about CIOs are that they either do not relate to business leaders well (ten times more than any other complaint) or they focus on technology and not on the business (five times more than any other complaint). Getting the business relationship right can be vital to providing the critical resources and support needed to sustain and accelerate the delivery of key IT projects that will create value for the organization.

Sometimes a CIO's relationship to the business can be adversely shaped by the organization's history. As one CIO noted: "The business hated IT—they liked certain individuals, but IT's answer to the business was always 'you don't understand.' Now after replacing some staff and reorienting IT to service delivery and agility, the assault on the IT organization has completely stopped, and they are starting to get kudos from the business."

Many CIOs need to repair the relationships between IT and the rest of the company. There are no easy fixes. This may include replacing certain staff members and creating a service culture, as well as improving the delivery of important projects and executing them on a consistent timeline to enhance credibility. Throughout our interviews, CIOs emphasized the importance of making time to "listen to and hear" their customers— especially during the first few months. Based on what he or she learns, the CIO may then have to create new governance processes at the project and company levels.

We often find the quality of project-level governance can vary considerably within a company, and governance of the overall IT strategy and project portfolio can vary considerably among companies. In some cases, the process delegates governance of important initiatives too far down in the organization, leading to ineffective IT project execution. A key success factor is to create strong governance structures and processes in collaboration with the business during the first six months. By doing so, the CIO can gain the business's commitment to support key projects and promote a partnership and mutual accountability for the efficient delivery of IT solutions.

Beyond internal relationships, CIOs may have a variety of external stakeholders with whom they need to connect. The CIO at a large retailer was surprised by the extensive requests for time from analysts, media, and members of the business community who sought to understand how technology helped the company. If IT is a truly strategic asset, communications to external stakeholders can be vital in shaping analyst, shareholder, supplier, and customer perceptions of the company.

Vendors are also important external stakeholders for many IT organizations. The CIOs we spoke with had varied opinions regarding how to utilize the vendor community in their transitions. Some had negative views of vendors, noting, for example, "Vendors need to be put in a choke collar . . . because they tell you what you want to hear. Instead you need to ask other CIOs what you need to know." Negative views were particularly prevalent when vendors were not meeting obligations under contracts and service-level agreements or had requested modifications. In contrast, other CIOs viewed vendors as a useful source of information about the organization's history and its critical systems. These CIOs spoke with vendors to obtain an external perspective that could clarify their understanding of which issues to address in the IT organization. To help diagnose the critical issues and provide additional capacity during the transition, these CIOs focused on discussions with a few vendors, especially those with whom they already had long-term relationships from previous roles.

Managing vendors is essential to a CIO's transition because these external providers often support the delivery of critical processes and systems. If a vendor fails to deliver, the IT function's reputation can take a hit. And, if the business becomes frustrated with IT's performance or management of vendors, it has the ability today to bypass the function and obtain services directly from third parties.

During the first 180 days, a successful CIO will rise to the challenge of navigating the essential triangle of time, talent, and relationships. In our experience, CIOs have done well when they have set initial priorities and achieved quick wins, initiated critical changes to their top team and organization, and established or reinvigorated important stakeholder relationships.

Navigating the transition: Some lessons from experience

WHAT have CIOs learned in their efforts to fulfill the role's various facets and to manage time, talent, and relationships? Our interviews and discussions with CIOs have helped us identify the following lessons for navigating the transition.

Establish your sponsorship and mandate early

CIOs need high-level sponsors in the organization. Good sponsors have the power and political capital to support the CIO projects. Teri Takai, CIO of the US Department of Defense, counsels, "Make sure you work for the top of the house. Walk in knowing you have access to that person, and they will take an active role in your objectives." High-level sponsors and peer support can be critical to successfully executing IT projects. Takai emphasizes that it's important to "force yourself to network extensively during the transition as many decisions are made off past relationships and decisions that you have no knowledge of." Ideally, CIOs should negotiate their reporting line and permission to make changes during the recruiting process before they accept the job. They should also establish their mandate early, to ensure they have the authority to stop unproductive projects and remove underperforming staff members. And they should seek a seat at the table to collaborate in shaping the company's strategy.

Learn about the people, systems, and organization

Incoming CIOs should quickly diagnose their staff's capabilities; the risks and quality of the existing technologies, systems, and service delivery; and how to effectively influence stakeholders and navigate the company's culture, politics, and intricacies. As Patty Morrison of Cardinal Health noted, "It's critical to spend the time to learn the organization and culture."

CIOs can tap into a variety of resources to familiarize themselves with these issues. Three resources emerged as particularly useful in our interviews and discussions with CIOs: the prior CIO, if he or she had a long tenure and is generally well regarded; key stakeholders and members of the team that interviewed you; and vendors. Some CIOs began having these conversations between accepting the role and day one, and they continued the conversations over the next few months. One innovative CIO worked with HR to review other leaders' annual goals, so that he could determine how IT could better assist those leaders in accomplishing their goals.

It's more difficult to get a jump on understanding culture issues and the politics and power structures influencing resource allocation. Getting a handle on these issues generally requires actually participating in processes and interacting with the organization.

Some CIOs needed to address the challenge of the "shadow IT organization," in which the businesses had either established their own IT capabilities or outsourced solutions without involving IT. Bringing these applications and services back into the fold often required IT and business leaders to commit to shared governance principles.

CIOs also noted the challenges of obtaining an in-depth understanding of the technology architecture and its connection to the business architecture. Jane Moran of Thomson Reuters and a CIO from a large health care company navigated this challenge by mapping specific technology systems to core business processes. Then they could assess how well the technology supported these processes. This assessment can provide a useful way to evaluate systems architecture as well as link and communicate the value of specific architectural choices in terms of the business processes they support.

Focus on a few key priorities

CIOs confront numerous demands on their time, as we have discussed. To manage this, CIOs need to focus on the most important priorities and not let them be crowded out by urgent demands. We generally recommend that CIOs adopt no more than five signature initiatives upon which to build their reputations. Framing a few key priorities simplifies communications and the setting of expectations across the organization. For issues beyond these priorities, CIOs must develop enough trust to delegate responsibility to their team. As a CIO at a large retailer noted, you need to "trust and give away the power to get things done quickly to your staff. If they're not up to the challenges, address that quickly—but you have to rely on your team."

Incoming CIOs also generally have the opportunity to review the project portfolio and kill the unessential projects. Reducing projects can free resources to do more important work and also potentially generate cost savings.

Reset communications

A new CIO has an opportunity to hit the reset button on how IT communicates with the organization. Successful communication often lies at the heart of successfully delivering IT and building support and understanding from the businesses for critical initiatives.

In nearly every transition lab we conducted, CIOs wanted to know how to establish more effective communication with key stakeholders. Beyond face-to-face meetings or "town hall" gatherings, many want to use social media channels, such as blogs, to establish a regular cadence of communications about IT's priorities and to set expectations for upcoming technologies, applications, and projects. These communications can also be useful in reminding IT's customers about what's expected from them—from compliance to security and backup requirements.

Communicating to the company on a regular basis about the IT organization's successes, upcoming improvements, and new applications demonstrates how IT can create value for the business. For example, Larry Quinlan, the CIO at Deloitte LLP, has a "CIO Corner" column that regularly appears on the company's intranet home page. The column provides the organization with frequent updates on IT and how it serves the company's community, and offers practical tips for using applications and systems. Today, with new alternatives in internal communication channels, CIOs have the opportunity to reframe the content, frequency, and channels IT uses to communicate its priorities and initiatives to key stakeholders.

Manage talent

In addition to immediately assessing the critical staff members and recruiting new talent to fill gaps, the CIO can use the first six months to make changes to the organization's prior models for talent assessment and development. When the CIO at a large health care company took the reins, he found that members of the IT team believed they lacked good opportunities for career development and advancement. He responded by working with HR to develop programs for career development and employee recognition to motivate the team to perform. Although HR can be an essential partner in improving talent assessment, recruitment, and development programs, we often hear the HR organization suffers from issues that are at least as challenging as those in IT. Even so, CIOs should quickly connect with HR leaders and ask for their help to deliver the best available HR services to support the IT agenda.

CIOs have frequently mentioned that their best IT staff are overstretched and even tired. Since the 2008 recession, many IT budgets have been cut or held flat, and more has been required of the IT staff. Incoming CIOs can help their staff by focusing on the truly important projects. Killing "sacred cow" projects that are severely over budget and drain the organization's energy is a good way to further reduce the stress on staff. In addition, CIOs can help to retain the most talented staff by selectively bringing in other resources to assist them and setting more realistic project deadlines.

Whether by bringing in new people or working to improve talent development and work-life balance, a CIO can use a renewed talent agenda to signal a fresh start to key customers and to re-energize and reorient the IT organization.

> Successful communication often lies at the heart of successfully delivering IT and building support and understanding from the businesses for critical initiatives.

Establish governance, metrics, and a target operating model

Many incoming CIOs were surprised by how broken IT service delivery was in the organizations they were joining. Repairs were often needed at multiple levels.

Some CIOs had to attend to the governance of critical projects already underway. It was critical to understand who participated in designing the project, how the project was monitored, and how important decisions were made. Fixing project-level governance quickly was an essential part of getting important projects back on track.

Many CIOs were surprised by the lack of clear metrics on IT performance. Establishing a scorecard of metrics to track IT's current and future performance on projects was important to demonstrating progress and restoring trust with the business. Some CIOs have also conducted surveys to assess user satisfaction with IT services.

In many cases, organizations lack an effective process for senior executives to review and allocate resources for IT initiatives. An IT governance board or steering committee of business leaders and IT department leaders provides a forum for reviewing longer-term IT investments and can help ensure resource allocation is aligned with future business priorities. Incoming CIOs often have to take the lead in convening such a group.

New CIOs have a unique opportunity to reset the IT operating model in their companies. By the end of six months, the CIO should be able to specify a target operating model for IT over the next one to two years. The model should specify how the IT department is organized, how it will interface with the businesses, and how it will deliver services going forward. For example, the operating model may include providing IT shared services to the business units to reduce costs.

Proactively manage vendors

In our interviews and labs, many new CIOs told us that they were surprised by the severity of issues related to vendor management, and stressed how important it is to address these issues quickly. As discussed above, the delivery of IT depends on many diverse vendors, and vendor performance affects how IT's customers perceive the department. For example, a critical vendor may not be delivering results, or vendor contracts may be inflexible or priced too high.

Incoming CIOs can achieve quick wins by selectively renegotiating contracts and service-level agreements based on a review of their terms and vendor performance. This often requires working closely with the general counsel's office and procurement. Vendors can also be a helpful resource in assessing the IT environment as well as providing critical competencies and specialized capabilities and resources, such as cybersecurity skills. Our interviews and labs suggest that many companies have significant room to improve vendor relations so that they can capture these benefits.

Maneuvering the reins

INCOMING CIOs face a myriad of challenges as they transition into their new role. At a minimum, they should navigate the essential triangle of time, talent, and relationships. This means identifying their organization's priority initiatives, putting the right people in the right jobs quickly, and establishing operating and governance models to deliver results and improve relations with the business. While there is no single "magic bullet" for achieving a successful transition, CIOs should seize the opportunities for quick wins—such as improving vendor management and making visible enhancements to end-user computing applications. Throughout the transition and beyond, CIOs should demonstrate first and foremost that they are business leaders overseeing IT, not just managers of IT delivery. As business leaders, they need the capabilities to effect changes and influence strategies that allow the company to capture the full value of an IT-enabled business.

Endnotes

1. "2013 state of the CIO survey," *CIO Magazine,* January 2013, http://www.cio.com/documents/pdfs/2013%20State%20of%20the%20CIO%20Exec%20Summary.pdf.
2. Janco Associates, *"CIO median tenure four years and two months,"* http://www.e-janco.com/Articles/2012/20121008-CIO-Tenure.html, accessed September 17, 2013.

Contact

Ash Raghavan
CIO Program Transition Lab Leader
Deloitte & Touche LLP
araghavan@deloitte.com
+1 212 436 2097

Deloitte University Press

Follow @DU_Press

Sign up for Deloitte University Press updates at www.dupress.com.

About Deloitte University Press

Deloitte University Press publishes original articles, reports and periodicals that provide insights for businesses, the public sector and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte University Press is an imprint of Deloitte Development LLC.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.