

Part I

Transformational Leadership

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Chapter 1

The Rising Tide

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Compared to the roles of other executives in the modern enterprise, the role of the chief information officer (CIO) has evolved quite dramatically over the past two decades.

In terms of status, the CIO has been elevated from a junior partner to a senior partner in the enterprise leadership circle. The CIO has a “seat at the table” and is considered a true member of the C-suite.

Status is often a matter of perception, however. What’s *really* changed is the scope and breadth of the CIO’s responsibilities. Let’s turn the clock back 20 years. In those days, the CIO was the person responsible for keeping information technology (IT) systems running. The CIO’s primary responsibility was making sure that IT did its job. Since a significant chunk of IT was devoted to maintaining back-office systems, the CIO was invisible to most of the enterprise.

The arrival of ERP (enterprise resource planning) systems removed some of that invisibility. Newer and more efficient ERP systems replaced older and less efficient legacy systems. There were disruptions and adjustments.

Nobody likes change, even when it's for a good reason. ERP put the CIO on the map. A major transformation was occurring, and the CIO was at the center of it.

While there is no question that ERP played a key part in elevating the role of the CIO as a corporate player, ERP was still a back-office function—which meant that it was invisible to most people in the organization.

The CIO as Rock Star

It took a unique convergence of several phenomena to permanently alter and elevate the role of the CIO. The phenomena included the development and successful marketing of inexpensive and relatively powerful personal computers; wide access to the Internet and the World Wide Web; and the rapid adoption of user-friendly Web browsers.

It didn't take long for visionary entrepreneurs and investors to connect the dots. Once it became apparent that an organization could conduct *real business* over the Internet, the role of the CIO suddenly became significantly more important. Information technology was seen as driving the next big wave of business. The CIO was the person who understood information technology.

Amid the excitement, the status of the CIO rose. But so did expectations. People now equated information technology with business success. They wanted the CIO to help them succeed. They wanted the CIO to help them make more money.

Let's pause and think about this for a moment. One day, you're the person responsible for keeping the IT systems running. The next day, you're one of the people responsible for making sure the company makes money.

This isn't a matter of doing a little extra work over the weekend. This is a monumental shift. There are huge differences between someone whose job is keeping the IT systems running and someone whose job is making money for the company. If you're the CIO of a large corporation or a publicly traded company, you are now in the spotlight. And being in the spotlight can get uncomfortable.

Real Stories from Real IT Leaders

In a very real sense, this book picks up where *The Transformational CIO* leaves off. One flows into the other. Even before I finished writing *The Transformational CIO*, I knew that I had to get this book started. They are two strands of a single thought, an unbroken narrative that examines the numerous challenges facing the modern CIO in a rapidly evolving global economy.

I certainly recommend that you read *The Transformational CIO*, but it's not required. You will learn a lot from this book. Like *The Transformational CIO*, it's constructed primarily from in-depth interviews with people who are probably very similar to you—executives, directors, and managers at companies where IT is expected to perform the increasingly complex dual role of maintaining day-to-day operations *and* providing strategic advantages in highly competitive markets.

Learning from Listening

I spend practically all day listening to CIOs. It's the central and most important part of my role as president and chief executive at HMG Strategy, the leading producer of CIO thought leadership events in North America. The success of my business depends largely on my ability to have meaningful, valuable conversations with senior IT leaders at companies all over the world.

Essentially, my workday is a continuing series of conversations with CIOs. I mostly listen, because it's the best way to learn. I've filled notebooks with snippets from these conversations, and several years ago I decided to use some of them as the foundation for a book. The notebooks gradually evolved into my first book, *The Transformational CIO*. The book's success led to a second book, which you are reading now.

What makes these books different from other IT management books is that they are not dry products of academic research and/or thinly disguised promotions for narrow viewpoints about specific kinds of software.

The Transformational CIO and *On Top of the Cloud* are unbiased and minimally edited words spoken by the leaders and executives who make critical decisions about the advanced technologies that enable the modern enterprise.

Like *The Transformational CIO*, this book is a collection of stories, anecdotes and insight, knowledge and wisdom

that I've collected from hundreds of conversations. *On Top of the Cloud* is pure reality, distilled into a highly readable format. These are the voices of your peers, sharing their real-life stories.

More Than Technology

Although there's a lot about the cloud in this book, this is not a book about the cloud, per se. This is a book about leadership. It's filled with stories about leaders who have leveraged the power of newer technologies to grow revenues and improve profits. In short, they are business executives first and technology executives second.

Today's successful CIOs are true executive leaders. They are educated, experienced, and corporate-savvy—in a meeting, there's no way to tell them apart from their C-level peers. Modern CIOs know how to work collaboratively at the highest levels of the organization. They *have* a seat at the table, they feel comfortable in the executive boardroom, and they know what's expected of them.

The Real Challenge Is Organizational

Tod Nielsen is co-president of Applications Platform at VMware, the global leader in virtualization technology. When I asked Tod to list the major challenges facing organizations as they move toward greater use of the cloud, his reply focused on people and processes—and not on technology. Here's a summary of what he told me:

It's easy to talk about the technology and the architecture of cloud services. They are definitely significant pieces of the conversation. But the real issues that we are seeing have more to do with change management, education, building trust, and transforming the organization.

For example, the classic IT org chart is a hub and spoke model in which database administrators, systems administrators, and network administrators are all separated. But you can't have those separate and distinct silos in a cloud or virtualized computing model.

In the cloud, all of those IT functions are interdependent and have to work together. So it is a real issue setting up the right organizational structure. A lot of folks don't think about the cloud from an organizational perspective. As a result, they get to a certain point and they hit a brick wall.

The question you really need to ask is, "How do we pivot the IT organization so it can accomplish something that's never been done before?"

We see some IT organizations experimenting with best-practice teams. They don't change the formal org structure of IT, but they create these active entities that, over time, become permanent fixtures. These best practice teams essentially pilot the transformation. They can help break down the walls between silos. And they can also attract funding, because they are often driving changes that can result in cost savings.

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I asked Tod to describe the typical composition of a best-practice team. Here's what he recommends:

First and foremost, you need someone who is a die-hard believer and an evangelist. You need to anoint a champion. Every organization has someone like that. You just need to find that person. Your champion can come from any of the silos. You'll have to look around. Just make sure that you pick someone with the passion to drive a real transformation.

You want your best-practice team to have a strong proportion of cloud believers, but you also want to include some naysayers. They will give the team credibility, and they are the ones you will need to win over early on.

Remember, there are two kinds of IT people: classic IT and what I call the "raw developer community." The developers tend to be active, dynamic, and always ready to try something new. They want to have a dialogue, and they're often ahead of the vendors.

Classic IT people, on the other hand, are a more varied group. Many of them realize that a new wave is coming, and they want to get on top of it. And some are very resistant to change.

I was chatting a few months ago with a CIO who told me that no one in his organization is permitted to use the public cloud. I asked him how many people in the company have iPads. He conceded that a "fair number" of people in the company have iPads. I said, "I guarantee you that your iPad users have Dropbox accounts, and therefore you have corporate documents in the public cloud." He said, "No way, that can't be true." A week later, he called me and said, "Wow, you were right. They're using the public cloud, even though we told them not to."

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Tod makes an excellent point with this anecdote. Chances are that your IT organization includes a truly diverse range of opinions and beliefs about the cloud. Part of your role as CIO is making sure that everyone—whether they love the cloud or hate it—is brought up to speed and understands what the cloud can and cannot do. Only then can you have an informed debate over the cloud’s merits.

Leadership Is Essential

Meet Randy Krotowski, CIO Global Upstream at Chevron. It’s hard not to like Randy. He’s one of those naturally open and optimistic people—he’s a good guy and a brilliant executive.

Randy leads an organization of about 2,500 people spread across 23 countries. Whenever you’re managing an organization of that size, there will be challenges to resolve. In his formative years as a chemical engineer, and later on in a variety of leadership roles at Chevron, he learned that in many situations, there’s no substitute for hands-on experience and

face-to-face meetings. So he tends to travel a lot. On one recent trip, he logged 129 travel hours in 14 days.

“I went out and I talked to the people I had to talk to. It’s part of the job,” says Randy. “You’re only as good as the leadership and the talent you have within your organization. If you can get 2,500 people moving in the same direction, you can do some amazing things.”

Randy speaks with the calm and friendly demeanor of a true leader. In many ways, he seems like a role model for the modern transformational CIO.

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“I got some great advice a long time ago: Be an enterprise leader first, and a technology leader second,” says Randy. “As an enterprise leader, my job is helping the company figure out what it needs and where it needs to go to be successful in the long term. How do we respond to the changes going on in the world around us? How do we make sure that we’re focusing our attention on the things that really matter? Those are the big questions I’m dealing with.”

Of course, he is still responsible for making sure that IT executes its mission. “The CIO is hired to have a point of

view and a strategy. But if IT doesn't execute, then your point of view and your strategy won't matter."

Nevertheless, Randy describes himself as "more of a strategist than an operational leader." That doesn't mean that he isn't versed in the technology—it just means that he knows his role is providing leadership, not technical expertise.

There are plenty of people here who know more about IT than I know, and that's fine. In a large organization, you can only focus on a few things at a time. If you focus too closely on the details, then you might wind up going around in circles, and your perspective will be limited to the short-term. But if you're trying to have an impact on the direction of the enterprise, you need a point of view that stretches at least five to ten years into the future.

I truly believe that Randy has defined the critical difference between the traditional CIO, whose primary role was keeping the lights on, and the transformational CIO, whose primary role is helping the senior executive team guide the enterprise. "You're brought in as CIO because they want you to succeed. Everyone is betting on you," he says.

But if you don't deliver, your credibility can vanish—so a big part of the CIO's job is maintaining his or her credibility. Randy says,

Credibility is the currency you have in the organization. If you have tons of credibility, you can do big things. If you don't, then you're going to be running servers and data centers, because that's all they'll trust you with. Credibility is built by

making and keeping commitments. And when you can't keep a commitment, you have to be transparent and explain why. You have to come clean. A lot of people can't do that—they'd rather not surface a problem and try instead to fix it by themselves. But realistically, if you don't surface a problem, people won't pay attention, and you aren't going to get the help you need to fix it.

**“Credibility is the currency you have in the organization.
If you have tons of credibility, you can do big things.”**

For the transformational CIO, transparency is a fundamental building block of superior execution and credibility. Both are necessary to maintain the trust and confidence of senior management.

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