



Rethinking IT Leadership

Strategic Change Leaders

Success in business depends on exemplary execution of strategies and effective implementation of change.

Business leaders are required to overcome technological, financial and people challenges facing their organisations.

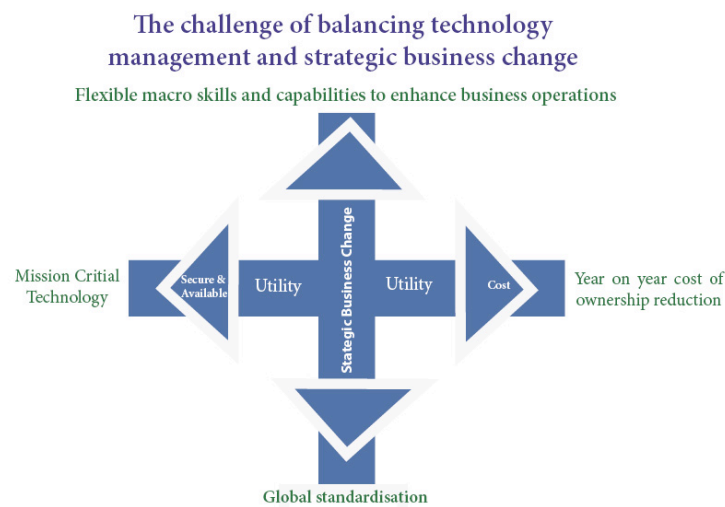
Although technology pervades all aspects of business life and enables significant change, most CEOs view IT as a bewildering mix of cost, complexity, governance and potential that is never quite realised.

Why is it that many IT leaders, ideally positioned to drive change across an organisation, are considered ineffective supporters and influencers of change?

How can IT leaders achieve the goal of adding value, manage the complexities of the IT utility, fulfil their role as subject matter experts AND become important agents of strategic change for the benefit of business?

The Issues

Technology has become increasingly complex over the past twenty years. Businesses demand robust, secure infrastructures compliant with regulatory standards. Flexible applications and technology platforms, on which the organisation's macro skills and capabilities can be developed, are considered de rigueur. For many global organisations, the drive to standardise operating mechanisms, information and core business processes has necessitated building global infrastructures and applications. This in turn has introduced additional operational complexity and cost that actually reduces the much sought-after "flexible enabler" or competitive advantage the IT industry promises.



Technology must be secure and robust yet flexible; global and standardised yet value enhancing to business operations; provide more capability and value for less money. To be successful, the IT leader must manage these contradictions and the business' technological complexities and should also be a participant in leading business change. They are well placed to do so because they touch all parts of the business, integrate across functional silos, provide the organisation's capability and business process "glue", and know all about managing change and complexity.

So if the potential is there, why do so many IT leaders feel they are undervalued and underutilised as effective leaders of change by their peers?

The Issues Cont'd.

There is a danger that classic IT Operating Norms become the silver bullet to address the challenge:

- Technology Strategies aligned with the business strategy. Whilst technology strategy is important for IT to deliver, this isn't the best way to engage the business and will largely confuse and reinforce the fact that the IT leader is disconnected from the business operation.
- Steering Committees and Governance Boards
Sharing the pain of making IT trade offs and managing complexity with fellow non-IT executives seems a little like abdication of duties. Would you find any other functional leader doing that?
- Organisation Models which combine consolidated infrastructure and application services with business facing "Customer Engagement" roles to provide the value added application of technology to business operations.

Whilst this structure is in theory effective at managing contradictory demands of cost and adding business value, it can also result in conflicts and contradictions becoming more exaggerated, inevitably ending up in the lap of the IT leader. Centralised functions may end up considering their technical subject matter expertise as the most important to the business rather than the value add its **application** can bring.

Being an effective leader of change relies much more on soft skills than it does on logically following the "Good IT Governance" guide. THINK, FEEL AND ACT like a business leader.

The successful IT Leader cannot entertain an "either, or" approach to deliver against this challenge. The most effective IT strategies execute at the 'sweet spot' between value enhancing capabilities and robust technology at the least

cost. Finding that sweet spot is the real challenge and requires the IT leader and his/her whole team to combine subject matter expertise with an extensive understanding of not only how the business operates today but also its future potential. Getting ahead of the business need is an important key to strategic leadership. If an IT leader only ever reacts to requests to fix today's problems he or she will be locked forever in a vicious cycle of failing to meet expectations.

IT leaders and their teams must operate within the business and integrate themselves into its culture. Consider the following:

Most IT leaders and professionals want to be valued members of the businesses they work in, yet few feel that they are as respected as other functional leaders and professionals. Why are experienced IT experts not integral members of senior change teams? Perhaps there is complacency within their profession, or a strong preponderance to wait to be asked to "fix the problem" and bring their subject matter expertise to bear. The risks of leading change from the front are high and therefore some IT leaders may lack the perseverance to design their own destiny, seeking refuge instead in their technical subject matter expertise.

In essence, IT leaders often sell themselves short. Their experience, expertise and strategic insight can add significant value to strategic change within the organisation. To leverage their potential, they need to view themselves as Business Strategists and ensure that all of their team members combine subject matter expertise with business operation focus.

The Seven Steps

How can IT leaders operate within business as Strategic Change Agents and create a virtual cycle of strategy, execution and continuous improvement that result in value- enhancing capabilities for the organisation? What are the engagement activities, pivotal skills and behaviours necessary? In the seven step model represented below, there are two aspects to this virtual cycle:

- Placing the right strategic bets and mining the potential opportunities; and
- Delivering successful change.

The 7 Steps Include:

- Become a business strategist
- Join the dots
- Operate effectively within the organization
- Deliver change
- Learn & improve
- Take the IT team with you
- Measure the results... until it hurts

Placing the Right Strategic Bets

Step 1: Become a Business Strategist.

The IT leader has the potential to contribute significantly as a business strategist. Inherent in their role is the need to drive for specifics, to ground the strategy in “whats” and “hows”, namely the macro skills and capabilities. He/she also brings an external and future perspective derived from their understanding of breakthrough or emerging technologies and the possibilities they may offer an organisation.

Translating strategy into a set of macro skills and capabilities is the key to successful execution, and is the starting point for business change.

- What must this business do well to execute the strategic vision?
- How must the organisation operate to overcome financial, market place and people challenges?
- What key levers of change will drive flawless execution and operating effectiveness?
- Most importantly, how can IT strategically support the increasing of revenue, the reduction of cost or the management of risk?

An IT leader/business strategist cannot respond to those questions working in isolation as the answers require truly integrated, cross functional and cross value chain thinking. The organisation's customer must also play a partnership role and be a key contributor to the development of an aligned IT strategy.

By far the most important attribute for the IT Leader turned Business Strategist, is the ability to be trusted and accepted by the leadership team. It is crucial to have the ability to wrestle ideas with others using fact based knowledge, personal business insight and global best practices. There is a football maxim, "run to where the ball is going to be, not to where the ball is." Similarly, the IT leader must be proactive, identifying emerging strategy issues and opportunities long before the leadership team calls for a quick-fix programme. Being able to provide a solid business case for change based on fact, insight and good business judgement will ensure a place at the senior decision making table.

Placing the Right Strategic Bets

Step 2: Connect the Dots

An effective IT leader and business strategist must know the business inside out; how it "ticks" functionally and holistically and, most importantly, how the elements of the business connect and interrelate. Typically it is at the points of connection or intersection across a business or value chain that potential is most significant. Intimate knowledge of the workings of a business can come from tenure and direct experience, but it can also come from a network of knowledgeable and experienced subject matter experts. The successful business strategist must have the skill to draw on subject matter expertise and 'connect the dots.' This not only reinforces the credibility of the IT leader as a knowledgeable, fact-based opinion maker, but also allows him/her a unique insight into potential opportunities for transformation and improvement.

It is also necessary for IT leaders to continuously reinforce the mantra of strategy as dynamic, continuous and holistic by representing a selection of choices, not simply defining the right answer. Think of the times when the answer to the MD's or CEO's question on IT and business alignment has been, "It depends." Success involves recognising that:

- **Dynamic environments** mean that Newton's third law of motion (**physics?**) applies: for every action there is an equal and opposite reaction;
- **Continuous change** or continuous improvement mean that as soon as a programme or initiative is implemented, it will probably need to be changed as the environment around which it was planned has most likely changed;
- **Holistic thinking** is critical if IT is to successfully align with value creation. At every juncture, IT leaders must demonstrate the close relationship between the execution of the business strategy and IT design.

Placing the Right Strategic Bets

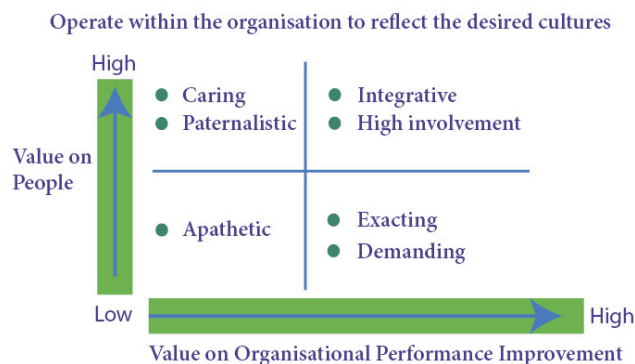
Step 3: Operate Within the Organisation

All too often, the IT function is criticised by the rest of the business as separate, distinct and driving its own (technical) agenda. Some of the criticism stems from the tendency of IT leaders to communicate technology strategies and technical challenges rather than discussing their role in finding solutions to business challenges and implementing business strategies. It also is rooted in the fact that IT becomes, by default, a dis-enabler rather than an enabler. If the IT leader is unsuccessful in leading change, the consequence is that he/she becomes reactive to demands from other functions. How often has an explanation involved why something can't be done because it is 'too expensive', 'outside of standards' or 'creates support headaches'. In reality, the business looks to IT to find a way around the technical challenges and "just do it!"

Working within the organisation, is exactly that. IT should not exist as its own entity but must align itself with each part of the business operation. Their pain is your pain; their challenges, your challenges; their opportunities your opportunities. The plan to implement change should always be jointly owned; neither a “business-led programme”, nor an “IT-led programme”, but a true Change Programme. As such, successful IT leaders must have greater empathy with business leaders and much smaller egos! “What can I do to make you more successful?” should be the IT leader’s overriding concern. It is up to the IT leader to educate and coach executives to choose options and solutions that support and reinforce the business strategy, and not to seduce them with the latest gadgets or promises of silver bullets.

Symptomatic of success, the IT leader will become part of the business leadership team, his/her opinion sought, and their role within the team clear and distinct. Being part of the leadership team necessitates reflecting the prevailing culture and operating mechanisms within the IT function. Having a common behaviour, language and value set creates the familial acceptance that is so important when playing a key role in change. Figure 3 below, is a strategic framework which may be used as a starting point in identifying the desired culture.

Placing the right strategic bets...



Brief descriptions and the implications of one culture over another include:

- **Caring / Paternalistic:** Family oriented; effort and activity is rewarded; “fitting in” is important; typically slow to change and a trusting environment. Will place more reliance on incremental, continuous improvement based change. More emphasis on collaboration than on formal communication or governance models.
- **Integrative / High Involvement:** Fosters co-operation, risk-taking, and group performance; true learning organisation; strong communications & feedback; open book; team oriented. Change should combine significant blocks of change with continuous improvement. Relentless pursuit of measurement and communication of progress.
- **Exacting / Demanding:** Emphasis on bottom line; ‘eat what you kill’; focus on efficiency, leading edge and individual performance; up or out learning environment. The role of the IT leader will be polarised: either propelled into out-front leadership role, with all of the incumbent risks and potential rewards, or kept firmly in the background as the technology enabler. ROI justification for change is critical; requires excellent communication and risk management strategies.
- **Apathetic:** Status quo and often reflects attitudes such as “we have always done it that way”; seniority rules; procedures are important. Demands strong IT and change management governance procedures. A burning ambition for change will help!

Having identified the culture and how it aligns and supports the commercial strategy creates a guide for planning processes, reporting strategies, risk management and stakeholder management – all key to executing successful change.

Delivering Strategic Change

Step 4: Deliver Change

The first three steps dealt with the IT leader as a Business Strategist; creating an integrated view of the macro skills and capabilities the organisation

requires; and achieving acceptance of his/her leadership by working within the organisation. These three elements will help to create the right strategies and identify the potential for added value.

The need for the IT leader to educate and coach executives in the art of the feasible is critical in change management; ignore it at your peril! Great strategies are only worthwhile if they can be executed in a pragmatic way. Executing change programmes that involve process, technology and people changes are difficult and complex, and the IT leader and his/her team need this as a core competency.

- **Articulate a clear destination.** What will the skills and capabilities of the organisation look and feel like when change is completed? What results will have been achieved? How will we know when we have reached the destination? *All too often technology-enabled change involves vague and conceptual descriptions of the destination. What may appear to be an appealing tactic to mitigate the risk of failure ends up being the source of disappointment to executives whose expectations, whilst never clear, are certainly never met.*
- **Create an honest and realistic value chain of delivery.** All journeys have staging posts. Change programmes need to be broken down into digestible chunks of delivery, each one bringing its own set of benefits, and each achievable in a realistic time-frame (ideally 6 months or less). Each delivery staging connects to the ones that precede and succeed it, creating a value chain of benefit. This is very important in avoiding “change fatigue”, loss of focus and lack of benefits realisation. It is also critical if financial circumstances change during a programme. Rather than a severe “emergency stop” when the money runs out, the programme can make a controlled pause, realise the benefits to date and recalibrate the destination.

- **Clear accountability.** Focus not only on accountabilities for the delivery of change, but also the accountability for the delivery of the benefits.
- **Blast away roadblocks.** No change programme, particularly where technology is concerned, will be without risk or challenges along the way. Being an effective leader of change calls for well honed skills in managing issues and risks out of the programme, effectively removing or circumnavigating roadblocks. All too often IT leaders tend toward reporting risks and issues but not really removing them, thus not building empathy with executives.

Delivering Strategic Change

Step 5: Learning and Continuous Improvement

Where change is concerned, people want an end point to projects or initiatives, not continuous reinvention and development. They particularly like technology enabled initiatives to be put to rest. This is perfectly understandable given the typical duration (too long) and cost (too high) of most change programmes. The reality, however, is that change itself drives the need for further change. Once a project or initiative has been implemented, the environment in which it was originally planned will have changed and the change itself will raise new possibilities.

Whilst change is the constant, an effective IT leader should be able to cycle through periods of significant change, followed by consolidation, exploitation and continuous improvements. Clearly it is important to signal to the organisation which stage they are operating in.

- **Change Stage:** Executes the programme or initiatives and introduces the new environment, processes, technology, skills;
- **Consolidation Stage:** Settles the change into the organisation, ensuring everyone understands and can operate within the changed environment;

- **Exploitation Stage:** Focuses on realising the benefits from the change;
- **Continuous Improvement Stage:** Looks to stretch the capability of the change to find better ways of operating, and will potentially spawn further changes as opportunities arise.

Delivering Strategic Change

Step 6: Taking the IT organisation with you

In addition to culture, there is the need to use measurement, competencies and employer branding as a basis to align people, management approach and IT projects to the desired business outcomes. From this, people management systems can be adjusted to reward desired behaviours, reduce contradictions about what is important and to give meaning to strategic priorities. All too often in IT circles, the focus of performance is on the delivery of the technology components and rarely on achievement of the associated business results.

Framework for alignment



An example of a framework to support clarification of strategic priorities includes:

Purpose: Mission, vision, goals. What does the organisation value?

Strategy: What is the coherent set of actions aimed at achieving goals? What is changing in terms of what the organisation needs to do to be successful in the future?

Macro Skills: What are the key capabilities acquired by the organisation as a whole as distinct from those of individuals? In short, those things the organisation must be excellent at to compete and differentiate itself in the marketplace today and in the future.

Culture & Shared Values: Those ideas of what are right and desirable (in the organisation and individual behaviour) that are typical of the organisation and common to stakeholders. To become outstanding at these new things, the organisation must align each of the organisation's subsystems, processes and procedures through which things are accomplished, including the way managers collectively behave with respect to use of time, attention and symbolic actions.

Employee Alignment: The way in which the organisation's people are considered in terms of capabilities and skills, normally reflected through competency based management and organisation measurement, which relates directly to the overall business strategy.

Delivering Strategic Change

Step 7: Measure Where It Hurts

Step 4 identified the critical need to define the success of any change programme in a way that can be measured. Clear measures of success provide a backbone for change initiatives by making explicit the desired results. The IT leader must take care to measure real results and not those that simply measure change activity. On more than one occasion change processes have taken on a life of their own and become more important than the business results themselves.

Whether a balanced scorecard approach, a management by objective approach or the latest trend in measurement is used, IT leaders need to clearly define success by identifying explicit goals and objectives and then measuring them until it hurts.

Not only does measurement help keep all stakeholders focused on “why we are doing this”, but it also serves to positively reinforce the added value IT can bring to managing the technology infrastructure and bringing about results-driven business change.

Summary

The IT leader can be an effective force for change.

Many IT leaders feel under valued and under utilised within their organisations. Yet at the same time, there are many CEOs who feel that the potential of technology and change is under leveraged.

The seven steps to achieving the goal of adding value provide the approach to becoming a Business Strategist AND an IT leader. The complexity of today’s business IT infrastructure and its future potential require the successful IT leader to both manage IT *AND* add value.

In the first of the two elements to this approach – Placing the Right Strategic Bets – our proposition is that today’s successful IT leaders must:

1. Become Business Strategists, translating the business strategy into the ‘whats’ and ‘hows’ that drives the macro skills and business capabilities the organisation requires to survive and succeed;
2. Know the business instinctively and be capable of understanding how the different business operations connect. ‘Connect the dots’, not just across functional silos but also across the whole value chain;
3. It is not enough to know the business and take a strategic approach; you must operate within the organisation, demonstrating credibility with

peers and reflecting the prevailing culture in the approach to change, management reporting and risk management.

In the second element – Delivering Change - we state that:

1. Delivering Change is the art of the feasible. It is vital to articulate an overall destination, creating an honest and compelling value chain of deliverables, and to engage the business behind those specific deliverables and their benefits;
2. Continuous Improvement is vital. It is not just the programme end point that is valuable but more likely the cycle of exploitation and continuous improvement which will drive benefits delivery;
3. In Delivering Change, the IT Leader must take his/her team with them. Use competency based and performance management techniques to align IT activity with the business strategy; and
4. Measure where it hurts. It is true that, “What gets measured gets done.” This is particularly relevant in IT, not just to chart the progress of change and to record the achievement of project goals and service performance, but also to ensure continuous alignment with business strategy.

A final word...

To really achieve success as an agent of strategic change, the IT leader must stop focusing on analysing data and talking technical strategies, and instead focus on business benefits driven conversations.

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About the Authors

Douglas Ross

Doug helps organisations develop practical approaches to successfully implementing change through their people. He is known for his dynamic and practical consulting approach that has evolved during an unusual career spanning CEO, theatre producer, soldier, and not-for-profit manager. Doug has been honoured by the Canadian Government for his leadership work in the volunteer sector and in December 2002 was recognised by the Independent Newspaper as one of the top 10 management consultants in the UK.

His practical experience combined with his credentials as an MBA, Certified Management Consultant, appointment as Associate Professor of Marketing Strategy and position as past global Chairman of the Strategic Leadership Forum commend him to support clients to align their people practices, processes and technology with their strategies. In addition to his many articles and research studies, Doug is co-author of the groundbreaking research, The Human Capital Index, which links people practices to shareholder value.

As Managing Director of Square Peg, he provides strategic consulting services focusing on strategic leadership, organisational effectiveness and the management of change based out of the United Kingdom. Prior to his arrival in London Doug's focus was on supporting clients in Canada, Asia Pacific and the United States. His core expertise is in getting things to happen, often in complex multi-stakeholder environments.

Tania Howarth

In 2007 Tania Howarth took over as HRD & CIO, and Chief Change Officer of Birds Eye Iglo Group in Europe with a remit to build a completely new organisation after the company was sold by Unilever to private equity group Permira for €1.7bn.

Starting from scratch Tania led the cut-over from the parent company, the re-engagement of the staff in 8 countries and the outsourcing of various technical and communications functions and the rollout of a Europe-wide SAP system across the group.

Prior to joining Birds Eye Iglo Group, Howarth was a senior leader with Coca Cola Europe and Africa for four years, where she successfully changed the profile of support functions within the business by developing more business-focused skills among internal providers.

Described by those who know her as a "visible and inspiring leader", Howarth's other roles include CIO for Walkers Snack Foods between 1994 and 2003, systems manager at Sun Microsystems Europe in sales and marketing, and various project management and business analyst positions at ICI.

Tania has a Bachelor of Science degree in European Politics, Economics and Languages from Manchester University in the UK.

She lives with her husband and two children in Oxfordshire, England.

About Square Peg International Ltd.

Square Peg is an international boutique consulting practice that provides an integrating force in the alignment and effectiveness of organisations. Our services are based on the interrelationship between business strategy, leadership and HR - our focus is to help clients improve performance and drive value.

As business consultants focused on the people side of change we support clients managing a variety of enterprise-wide changes such as M&A's, establishing new mandates, and meeting new expectations.

We maximise productivity, performance and morale and drive value by accelerating results, ensuring their quality, and measuring their impact. From our offices in the UK and North America we assist companies to capture the full value of their investment in people.



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