Future Proof Your IT Organization

A Multifunctional Approach to Make IT a Strategic Business Partner

phoenix strategic
PERFORMANCE

Table of Contents

FUTURE PROOF YOUR IT ORGANIZATION

Nowhere in any organization is there more potential disruption going on than in IT. The organizational stress can be overwhelming. In the search to create order in this chaotic environment, there are three key considerations you must keep at the forefront as you navigate these stormy waters:

1. Disruption is Business as Usual (BAU)
2. We Are Now All Technology Companies
3. In IT, Rethink Everything You Know About Human Capital

Many books have been written, presentations made and surveys taken on the topics of:

- IT Business Transformation and Innovation
- IT Alignment with the Business
- The Value of IT

Ask yourself these two questions:

1. Has what we have done in the past, as a result of these initiatives, impacted the future direction of the company?
2. Or is it the same old stuff that did not work, with just a new name?

BUSINESS TRANSFORMATION – PEOPLE, PROCESS AND TECHNOLOGY

As an example, let's start with Business Transformation.

By definition it is a change management strategy with the objective to align People, Process and Technology initiatives of a company more closely with IT's business strategy and vision. In turn, this alignment helps to support and innovate new business strategies.

Transformation and change is a critical issue for most organizations. Research shows that the failure rate of IT change initiatives is 70-80%. Many organizations continue to struggle with the implementation and execution of the transformation initiatives.

On the flip-side, organizations using effective IT transformational approaches obtain an 80% transformation success rate.

So with that context, why do we continue to struggle with having to prove the business value of Information Technology?

TODAY'S BUSINESS CHALLENGES

Today, organizations are facing their greatest business challenges ever. In the past, they have downsized, right-sized, and implemented a myriad of cost-cutting strategies to remain competitive. At the same time, companies still need to increase market share, improve the quality of their products and services, and keep customers satisfied.

In addition, over the years, a variety of management programs in IT have popped up to 'help' companies achieve their goals. As an example, the following are a few you may remember:

- Re-engineering
- TQM
- Malcolm Baldrige Quality Program
- Six Sigma
- ISO 9000
- ITIL
- Lean
- Agile

Ask yourself the question, "Have any of these initiatives made a difference in achieving your business objectives"?

OTHER HIGH OCTANE IT INITIATIVES TO REMAIN COMPETITIVE

Companies continue to spend billions on Enterprise Resource Planning, Customer Resource Management, Cloud Computing and mobility projects to deliver timely information needed to make critical decisions. While

these initiatives can be costly and time-consuming to implement, many have proven to be absolutely necessary to remain competitive.

Having been involved with the rollout of just about all these applications and initiatives, I can unequivocally say that it takes a huge effort to get all stakeholders on board. *But, make no mistake, for any of these programs to succeed, the IT organization must be a key enabler and facilitator providing business value to enable business transformation and innovation.*

SPREADING THE WORD

When I speak at CIO conferences, I often begin by posing this question to the audience:

"What do you think is the true value of IT?"

The question is typically followed by a long pause before anyone jumps in with a response. Why the pause? Because many people in IT are not used to being asked this question. *Oftentimes, we incorrectly assume everyone knows our value.*

My answer to the question is that the potential value of IT is enormous, **yet largely unrealized**. IT can help an organization reach extremely ambitious goals. IT can drive an organization into new markets and can create competitive advantage. Yet, sometimes IT investments don't yield these intended results. Despite all the money spent on technology, all the new applications, and all the promised performance improvements, some IT departments fail to deliver on their potential. And when that happens, the question, of course, is, *"Why? and What is IT's value to the organization?"*

True business value is sometimes hard to gauge. We have all seen spectacular examples of IT in action, including expansive projects to implement ERP applications, e-business initiatives, firewalls that will withstand a nuclear attack, and the list goes on. IT does much more than just support the infrastructure. Unfortunately, however, many people don't see that. To foster a better understanding of the role IT can play, IT executives and managers need to do a much better job communicating the added value they bring to their organizations. An essential part of that process is working with colleagues outside IT to understand how IT can best serve the organization's overall goals and to agree on ways to measure the return on all IT investments.

WHAT'S THE OVERALL DIRECTION OF YOUR COMPANY?

What do successful companies have in common? They share the development and communication of an overall strategy roadmap to define where they are going and what they are trying to achieve.

"This map consists of the vision, mission, objectives, and strategies needed for success. Not only does this roadmap clearly define where the company is heading, it also serves as a common reference point for employees and customers. This ensures that everyone involved with the company is reading off the same page."

Does your business have its own version of a company-wide vision or roadmap program? If not, how do employees relate to what your company's leaders are trying to achieve? For example, how do employees know what takes priority - growing revenue or increasing market share? Will it be organic growth or through mergers and acquisitions?

Does Your Organization Value IT as a Good Investment?

We're all used to the issues related to assets in the Information Technology arena: equipment that is heading towards obsolescence by the time we get it in the rack, the exponentially growing thirst for storage by the users, and the new version of software that is released just as we finish the project to upgrade from our previous version. This is just reality. These are things we are used to justifying to the C-suite - they are a cost of doing business. I'd like you to expand your vision a bit and look at some of the most critical assets in your Information Technology organization: your human assets and, as a whole, the human capital that is critical to your daily operation.

THINK OF PEOPLE AS AN ASSET WITH INVESTMENT VALUE

I know some of you are saying "you can't look at people as if they are equipment". That's not what I'm suggesting. I believe you need to treat and evaluate your team as the most valuable item in your organization. There is a substantial investment in each individual - you may not have made the investment, but overall, a substantial investment has been made in your team through education, training and experience.

Encyclopedia Britannica defines Human Capital as:

"intangible collective resources possessed by individuals and groups within a given population. These resources include all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed individually and collectively, the cumulative total of which represents a form of wealth available to nations and organizations to accomplish their goals. Human capital is available to generate material wealth for an economy or a private firm."

What does this mean? While human capital is "owned" by the individual, it is available to the IT organization to support the mission and the overall organizational growth. Unlike physical assets, human assets can walk out the door whenever they want, taking their knowledge and skills with them.

"Isn't this an HR function?" you ask. Does HR have a vested interest in the success of IT? Does HR understand the specific skills and knowledge your team needs beyond what is written in the position description? I propose you need to put at least as much time and effort into your human assets as you do in selecting your hardware and software assets. "So", you ask, "How do I do this?" Great question!

IS YOUR INVESTMENT GROWING?

How are you assessing your people? I'm not talking about the annual performance report assessment. I'm talking about developing a

(cont'd on next page)

Does Your Organization Value IT as a Good Investment?

complete picture defining the organization's needs, internal to IT and the company as a whole, and, how your staff meets those needs. Are you trying to catch up? Are you maintaining? Are you ahead of the curve? As you look at each individual in your organization, are you evaluating them for their ability to assume management roles? Are they an exceptional technical resource that you need to keep? In either case, what is the path to keep them challenged and engaged? You can look at this on an individual level and determine if each human asset is appreciating (gaining new skills and value to the organization), maintaining (good at what they do, but not really growing), or depreciating (skills not improving, resistance to learning new things, not a leader - at least not in a good way). When combined as a group, is the overall trend towards appreciating, maintaining, or depreciating? If the overall capital value of your team is not appreciating, you're not a direct contributor to the growth of the company. That means the Executive team will see IT as just another expense and not a direct partner and contributor to organizational success.

BUILD YOUR LONG-TERM VALUE

Lead your IT team from a business perspective. Become pro-active rather than reactive. Are you building bench strength? Look over the assessments of your team members. Is their value appreciating, maintaining, or depreciating? If it's appreciating, you may very well be building a bench and demonstrating that IT can be an active and integral group contributing to organizational revenue growth.

RISE TO THE CHALLENGE

Take the next step and ensure that all your future needs are covered by team members that are appreciating assets.

PART 1: THE IT BACKSTORY
IT – Business Leadership Alignment Model

If you could focus on the one overarching skill that would make a profound impact in the world of technology, what would it be? Leadership, of course!

WHY ARE LEADERSHIP SKILLS SO IMPORTANT?

Without effective leadership, all the other areas of focus are built on a rocky foundation of shifting sand. What good is great problem solving without great leadership to listen, change and / or implement? The traction point for all the other skills hinges on leadership.

IS THERE REALLY A LEADERSHIP ISSUE WITH IT LEADERSHIP?

According to recent research, here's how the C-Suite rates the newly-defined VUCA leadership skills for IT.

CEO CHALLENGE – LEADERS AREN'T READY

How do current leaders rank out of 100%, on handling the following VUCA *(Volatility, Uncertainty, Complexity and Ambiguity)* skills?

Volatility	41%	Complexity	36%
Uncertainty	37%	Ambiguity	31%

DDI 2015

Here is our Technology Model depicting the issues of IT Business Leadership Alignment. Full coverage of the entire model by every leader in IT needs to exist, if the IT function is to operate as a valued strategic partner with a seat at the table.

TECHNOLOGY BUSINESS ALIGNMENT FUNNEL©

- **Value Creators**
  Top of the Funnel - The C-Suite needs Technology to live at the top of the alignment funnel with a Technology focus on the business strategy relating to the business of the business.

- **Value Eroders**
  Bottom of the Funnel - Technology traditionally lives at the bottom of the alignment funnel focusing on the business of Technology as the end game.

- **Value Sustainers**
  The Technology Impasse Zone - In the middle of the funnel is the IT Impasse Zone, often self-imposed by IT itself. In order to journey from the bottom of the Technology zone in the funnel to the Strategic Business zone at the top of the Funnel, Leadership and Management in IT needs to learn and embrace an additional set of skills. These skills convert the business of IT into the language of the business of the business. These skills are traditionally not developed within the IT function. *In order for IT to be business relevant, and for IT leadership to be valued within the organization, there must be complete and continual alignment of the IT function at the bottom of the alignment funnel to business strategy at the top of the alignment funnel.*

(cont'd on next page)

WHAT'S THE RISK OF NOT DOING THIS?

The risk is that IT stays forever at the technology zone at the bottom of the alignment funnel, becoming a victim of cost cutting, cost containment and system maintenance. The business travesty is that the true value that IT can bring as a business driver is not realized, and IT is relegated to the status of second-class citizen. If that happens, IT suffers but so does the business initiatives of the organization.
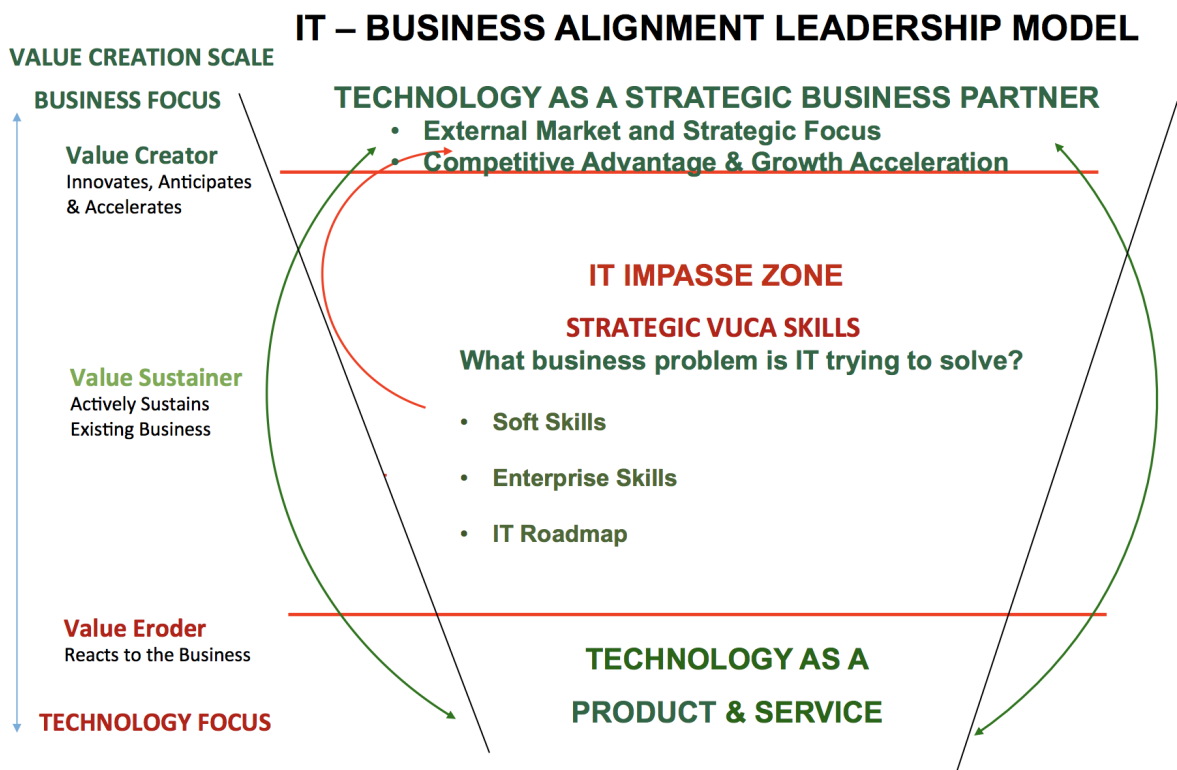
SUMMARY – THE BOTTOM LINE

The IT organization needs to realize that if business needs are not fully considered, then organizations end up with technology and/ or IT solutions that users won't touch. Like-wise, if IT doesn't have a significant relationship and well-defined role in the process, IT is likely to end up with technology that runs counter to your company's overall business transformation and integration plans. As a result, you'll have spent a ton of money on new applications or systems that don't work with what you already have in place. A company-wide plan is essential to show what needs to be done, who needs to deliver it, and how results will be measured.

There is nothing new in this process. The process just needs good implementation with the rigor and discipline of a well-planned and well-executed IT strategy.

"IT, what's your plan for going "Back to the Future?"

IT – BUSINESS ALIGNMENT LEADERSHIP MODEL

VALUE CREATION SCALE

BUSINESS FOCUS

TECHNOLOGY AS A STRATEGIC BUSINESS PARTNER
- **External Market and Strategic Focus**
- **Competitive Advantage & Growth Acceleration**

Value Creator
Innovates, Anticipates & Accelerates

IT IMPASSE ZONE

STRATEGIC VUCA SKILLS
What business problem is IT trying to solve?

- **Soft Skills**
- **Enterprise Skills**
- **IT Roadmap**

Value Sustainer
Actively Sustains Existing Business

Value Eroder
Reacts to the Business

TECHNOLOGY AS A PRODUCT & SERVICE

TECHNOLOGY FOCUS

© Phoenix Group International - Phoenix Strategic Performance, 2009, 2016

Nowhere in any organization is there more potential disruption going on than in IT. The organizational stress can be overwhelming. In the search to create order in this chaotic environment, there are three key considerations you must keep at the forefront as you navigate these stormy waters:

- Disruption is Business as Usual (BAU)
- We Are Now All Technology Companies
- In IT, Rethink Everything You Know About Human Capital

1. Disruption and Disruptive Technologies – The New Normal:

Our world, at every level, WILL BE disrupted. The McKinsey Global Institute defines disruptive technologies as new emerging technologies that unexpectedly displace an established one and shakes up the industry. Some disruptors will be easy to spot. Others will come from the most unexpected places. IT organizations are at the heart of this disruption. IT organizations must consciously and continuously focus on the outside horizon to anticipate disruption and deal with it as quickly as possible.

- Living with Disruption as the Norm. Business as Usual (BAU) and the Steady State are a Thing of the Past: Change has become the norm and business as usual (BAU), which was formally the goal, will become a subset of Change, Transformation and Transition Management. IT must be prepared to accept that as soon as the steady state (BAU) is achieved, disruption will shake things up again.

- Welcome to the VUCA World (Volatility, Uncertainty, Complexity & Ambiguity). This disruptive state will require a new set of skills that have not been part of mainstream IT learning and development. Within IT, these skills, at every level of the organization, will require significant amounts of investment capital to 'upskill' current employees to function effectively in the VUCA world. In addition, IT is facing a workforce talent crisis of epic proportions and the VUCA skills in IT are leading the talent deficit.

2. Technology – What is its Role in the Organization?

One of the four takeaways from the Fortune Global Forum is that "We Are All Technology Companies". The IT function continues to live in two worlds – the technical and the strategic. This presents incredible operating challenges and dilemmas to technology organizations that need to have people who are technically competent and, at the same time, strategic and outwardly focused. This technology paradox is a new circumstance that requires a new IT operating model at all levels. According to the Fortune Global Forum, technology will be a key business driver for companies. The technology function needs to be strategically aligned, future focused and technically robust. Executing on this paradoxical operating paradigm will require a new blueprint. It is by no means an easy or simple task.

3. Ironically, The Greatest Challenge Isn't Tech, But People

Since technology is often embedded in and drives the innovation and change process, it is necessary to bring people with you on the change journey and create the right culture. This is the central challenge to survive business and technology-driven change. The focus is to foster a mindset and framework that embraces change while neutralizing the fear of change. The challenge is to demystify the change process and accept that change is here to stay. That means rethinking everything about how a transformative IT organization operates today to include structure, people and process.

As IT leaders, we are responsible for **enabling and driving innovation** while at the same time maintaining service levels, ensuring security, and controlling costs. Let's discuss how successful IT leaders are stepping up with bold leadership strategies for growing the business through the innovative use of technology. Innovation must be targeted toward a clearly defined, value-creation focus such as:

- **Top-line growth –** innovation activities that primarily generate revenue

- **Bottom-line optimization growth –** innovation activities that yield profit

- **Shareholder value growth –** innovation activities that increase company value
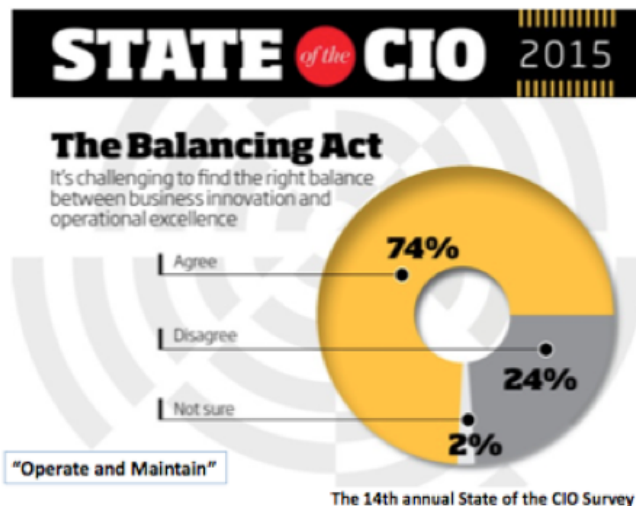
Questions?

How do you currently address these questions?

How do you share your experience in delivering innovation to your organization and provide ways to leverage innovation to help drive business results?

Finding the right balance can be challenging. Management teams often get bogged down in unfocused, inconclusive discussions instead of making rapid, well-informed strategy decisions.

How Do You Avoid These Issues?

Below are several initiatives to consider to avoid confusion:

- **Initiative 1:** Aligning IT Strategies with Your Company's Vision, Objectives, and Business Strategies

- **Initiative 2:** Understanding Your Company's Business Processes So You Can Optimize IT's Role

STATE of the CIO 2015

The Balancing Act
It's challenging to find the right balance between business innovation and operational excellence

Agree 74%
Disagree
Not sure 24%
2%
"Operate and Maintain"

The 14th annual State of the CIO Survey

- **Initiative 3:** Mapping Your IT Infrastructure and Applications to Support Your Business Needs

- **Initiative 4:** Recruiting, Developing, and Retaining the Right Team

- **Initiative 5:** Using Relationship Management to Provide Solutions Through Leadership, Consulting, and Communication

- **Initiative 6:** Managing Costs Across IT

- **Initiative 7:** Measuring The Success of Your IT Strategies

These basic steps focus on areas to ensure your IT strategy is well founded. By looking at these initiatives, you can:

- Identify critical gaps in your strategy execution processes

- Focus on and prioritize the most important choices you must make

- Understand what's at stake

Driving Innovation

These initiatives offer several techniques to address the issues that exert the greatest impact on the company's long-term value. The objective is to help management teams make better and faster strategic decisions aligned with business objectives. For example:

- *How effective is your information technology planning process to assist the business in achieving their objectives?*

- *Is your organization spending enormous time and energy on strategic planning development with little to show for your efforts?*

IT Business Transformation can make or break an organization's efforts to establish competitive advantage through the tactical use of technology resources.

The term, business transformation, represents a significant shift in both the mindset about and the actual definition of the role of technology. This shift goes beyond just IT alignment, business process management and business, to IT business integration. In the exhibit below, it's challenging to find the right balance between business innovation and operational excellence.

The objective is to create a business environment in which the IT organization is not merely installing technology to support business processes, which is currently 74% of time and effort. The IT organization is also using technology to shape and transform the business strategy.

So, where does a CIO or IT executive start to generate or update a concise IT planning document to guide the organization in the years ahead?

True business transformation requires a fresh look at how a business operates. Today's CIO / IT leaders need to rethink the potential of IT and focus on delivering new and innovative value streams to the business. Building a business-driven IT roadmap that addresses digital transformation and the introduction of disruptive technology is the new way of life. Cloud, social, mobile, anytime, anyplace and anywhere, creates demands on how the enterprise needs to stay connected.

The CIO / IT leaders that can successfully deliver this new flexible architecture with speed and agility will bring a competitive advantage to their organizations.

The Value Pyramid

The following exhibit displays priorities and values of what Hackett calls the Value Pyramid:
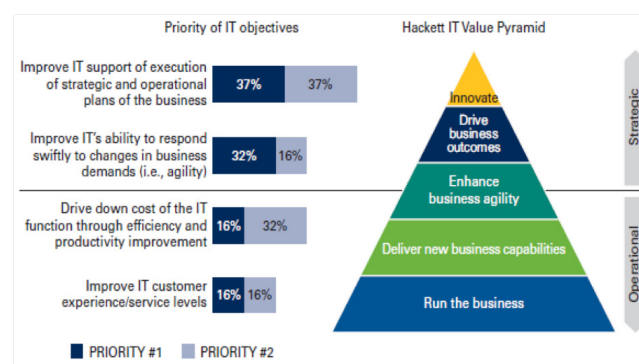
Where are you on this pyramid? What strategies and best practices can you share? As an example, as experienced IT Leaders, what are your challenges, opportunities and plans to address Business Transformation in the Digital Age and still run business as usual?

According to the 2015 Fortune Global Forum:

"We are all technology companies now."

"Competition can come from anywhere."

"The greatest challenge isn't tech, but people."

Does Your IT Organization Struggle with These Four Issues?

1. **Driving Innovation:** As IT leaders, we are responsible for **enabling and driving innovation** while at the same time maintaining service levels, ensuring security, and controlling costs.

2. **The Business Transformation of IT:** IT Business Transformation can make or break an organization's efforts to establish competitive advantage through the tactical use of technology resources. IT must shift its role beyond just business process management and business-IT alignment, to that of **IT business integration**.

3. **Why IT Executives should be Business Strategy Partners:** Recent surveys of business and IT executives find that IT performance increases across the board when CIO's are involved in shaping business

strategy. Staying ahead of the pack requires that you **market and translate IT's organizational strategy into both basic day-to-day enterprise initiatives and strategic business initiatives**.

4. **Human Capital Alignment for Strategic Optimization:** Today, IT is a people-intensive function and the **importance of human capital has risen dramatically**. The IT functions that can effectively translate their business strategy into an actionable human capital strategy can drive a **new kind of competitive advantage**.

Why IT Executives Must Be Strategic Business Partners

Recent research has identified that few corporate executives state that their IT leaders are closely involved in shaping the company's strategic agenda. The result is that confidence in IT's ability to support growth and other strategic business objectives is waning. **And this is at a time when IT is considered critical to key business initiatives.** IT leaders struggle with this issue and continue the journey toward more effectively marketing IT to their business constituents. The following exhibit is a framework for marketing the IT organization.

Staying ahead of the pack requires that you market and translate your organization's strategy into basic, day-to-day initiatives. IT executives must realize how critical marketing IT has become. Only then will IT boost the value and perception of IT into the enterprise operations.

Questions:

- *Would you agree that IT initiatives should focus on areas that ensure your IT strategy is well-founded?*
- *How do you currently identify critical gaps in your strategic execution processes?*

**(cont'd on next page)**

Business Transformation — "Marketing IT"

Why IT Executives Must Be Strategic Business Partners

Summary - When Does IT Produce Value?

The business problem: While measuring the costs of IT in a large, complex organizaton is difficult, measuring the benefits is even more difficult.

Time Lag between IT Investment and Value Realization

Source: Gartner
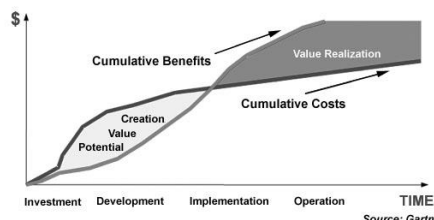
◆ Typically long time lag between IT investment and realizing the benefits.

◆ IT can help the business estimate "potential value" but the business managers are responsible for "value realization."

As your IT investment plans take shape, utilizing technology roadmaps, expectations for IT will rise. Not only will people within your company expect more value from IT, but outside parties will too, especially shareholders of publicly-traded companies and investors in smaller companies. They will want to see return on technology investments and want IT to fulfill its promise as a key enabler of business success. For IT professionals, this creates the challenge of managing those expectations. Research from a Gartner study, displayed in the previous chart, indicates that there is a typical lag time between the investment in IT and the payoff in terms of business value. Business colleagues need to understand that reaping value from IT investments won't be instantaneous. IT's job is to communicate that expectation and ensure everyone has realistic expectations of the impact of your company's IT investments.

When it comes to reaping the benefits from IT, technology executives, managers and professionals have a role to play, but ultimately it is the users of IT—people in finance, sales, manufacturing, human resources, product development, and elsewhere—who must take responsibility for realizing value. Technology alone will not boost sales, open up new markets, or create a competitive advantage. Effective business partnerships along with the right technology smartly applied to sound, efficient business processes and strategies will lead to success.

Would You Rehire Your Current Team of People?

I first asked this question to an audience when speaking at a conference of HR professionals. I was more surprised than expected by the very noisy response from the audience. It was as if that question was the 'elephant in the room'! A show of hands suggested that over 60% of the audience indicated that it was questionable if their current team of senior managers would be hired again.

That is a very 'big' response to a very simple, and what should be an obvious, question. Not expecting the high degree of honesty, I asked the same question of VP's when speaking at an IT Conference, and the response was similar. This reaction led to a deeper dig on the topic. I continued to ask that question of every leader and manager I met and the reaction was the same. These responses suggest simultaneously-occurring trends that I have not experienced, to such a high degree, in my 30+ years of leadership and organization development experience.

So What Should Account for the Consistent Response?

Organizations today are at a crossroad, moving from the past into the unknown future

(cont'd on next page)

Phoenix Strategic Performance
Evolving Organizational Roles
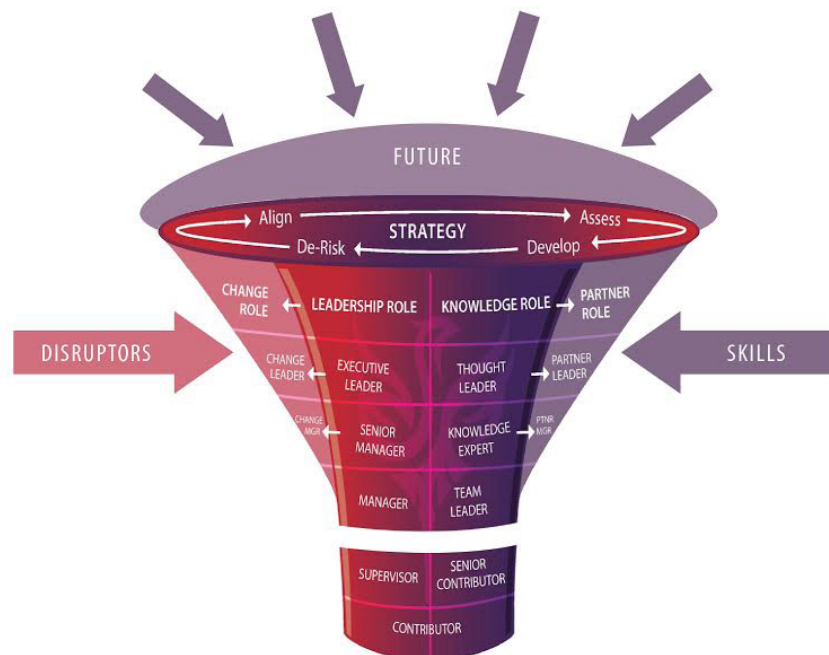
©2014 Phoenix Strategic Performance

state. Senior leadership is broadly aware of the multiple stressors organizations are experiencing from outside sources. Everyone is talking about it. While they acknowledge these stressors, they also acknowledge that their current leaders and managers are not equipped to lead and manage through these stressors. We must now go from talk to action, and the actions are not simple. Getting it wrong can have serious business consequences. Here are universal stressors all organizations in all industries are experiencing:

- **The Future:** It's coming at organizations faster than ever before making transformative change a 'business as usual' state. In the past, organizations have evolved slowly, adapting in steps, to anticipated change. Dealing with the future and change was an occasional event managed from the top level. Now, transformative change must be anticipated and managed as an everyday event. This new state requires new skill sets that are required to go much deeper in the organization.

- **New Change Roles –** 'Upskilling' Leadership and Management: The 'business as usual' (BAU) skill sets of most leaders and managers were sufficient in the past when leading and managing were meant to ensure maintenance of the routine. However, current times render those skills obsolete. Change demands recognition that new change roles are evolving and here to stay. These roles require new and more

sophisticated skills that are different from BAU leadership and management skills. Very few people in today's organizations have these new skills. That's why the question arises in response to today's organizational pressures, would you rehire your current team of leaders and managers?

- **Disruptors:** Disruption is now the new normal. According to global research, all organizations will experience disruption. Most likely, that disruption will come from unexpected places. So, if change is difficult, how much more difficult is anticipating and leading through continual disruption, especially with obsolete skills?

It's Evaluation Time

As we think about working in today's world, evaluate your organization against the new paradigms we are experiencing. How ready are your leaders and managers to meet completely new challenges? Let's think about this analogy. How many people can change the tires on the car, while driving 60 miles per hour, with no roadmap and no tools? Do your leaders and managers have inadequate or obsolete skills that simply can't respond to today's new challenges? Does your response to the question "would you rehire your current team of people?" fall into the 60% 'NO' category? It's time to evaluate. The future has arrived.

You may have the right processes in place and you may have your IT needs covered right now, but do you have all the right people in the right roles to position your IT organization for:

· Future organizational needs?

· Future technology needs?

· Future competitive advantage?

· Company growth acceleration?

· Maximum corporate profitability?

A BIT OF HISTORY

IT organizations have grown so quickly over the past 4 decades, and in the grand organizational lifecycle, technology is a relatively new corporate discipline, and is still evolving. In addition, IT organizations have grown very quickly with increasing demands being placed on finite people and financial resources. All too often, IT is considered a cost center rather than a strategic business growth center. The cost center perspective has put cost constraints and people pressures on IT at a time when demands are growing, as all organizations are becoming tech companies (Fortune Global Forum, 2015).

> *"We see that with all these conflicting demands and constraints, IT organizations are running just to stay in place, surviving rather than thriving, living under organizational yokes that are diametrically opposed to strategic business growth objectives."*

BUSINESS QUESTIONS FOR IT LEADERS

· Is there any wonder why, in the middle of all these conflicting needs, the people of IT may have become stale in their skill sets?

· Has senior IT leadership taken the time to assess people for the ideal skills needed for today and tomorrow's jobs?

· When there are cost containment initiatives and headcount cuts in organizations (and there always are), do you think companies are going to invest money in developing IT people? If not, what are the consequences?

· What are the new skills / knowledge sets (skills) that are required for IT professionals to stay current, relevant and strategic?

If we accept the data stating that profitable, sustainable organizations have the senior IT leader sitting at and fully participating in C-level planning conversations, what skills are needed for senior IT leadership? How far down into the organization do these skills need to cascade? The data suggests that there are new skills that must be embraced by the most senior IT leadership, and many of these skills need to descend far lower into the organization than ever before.

6 Critical Skills for the New IT Organization

As we evaluate the human capital aspect required for leading and managing a robust, future-focused IT operation today, the skills / knowledge (skills) required today are fundamentally different from the required skills of the past.

Current research tells us that organizations perform much better when their IT department has a seat at the strategic table and has the business skills to innovate, transform, and speak the language of the business. These are easy concepts to talk about, but much harder to implement and measure.

The ability to innovate, transform and speak the language of the business requires multiple, interdependent business skills. Just being technically competent is no longer adequate. The successful IT leader must be able to perform at sustainable peak levels for all the necessary business skills and here's the challenge. When we speak with the C-Suite, below are the skills they expect from their senior IT leadership:

6 Critical Skills for the New IT Organization
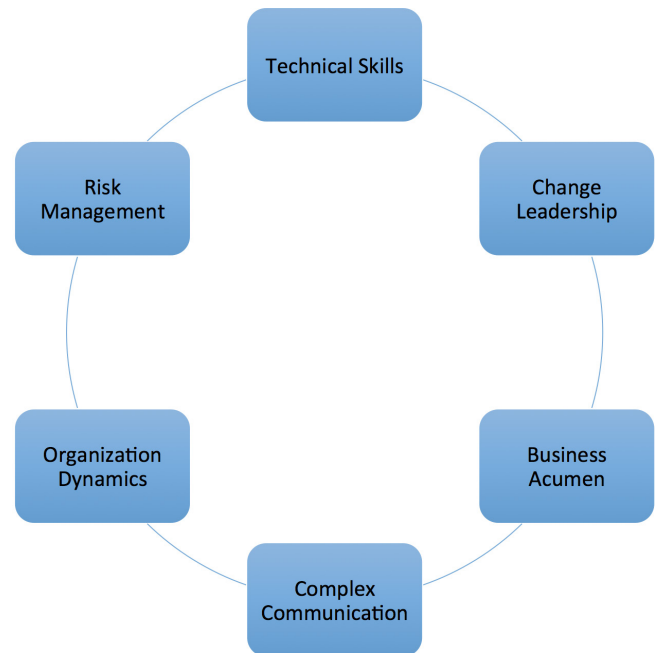
Formerly, technical competencies, or what we call knowledge skills, were the table stakes to be hired and move up the IT ladder. As a result, many IT organizations have IT leaders sitting in critical leadership roles who have very few of the required leadership skills necessary to lead IT organizations into the future.

In the past, it was common practice to hire the best technical person for the job. If that same technical person does not possess the other necessary leadership skills, what consequence will that have for the required robust, future-focused IT organization?

10 Critical Competencies for the IT Relationship Manager

Taking a page from the recent Fortune Global Forum, one of the 4 challenges facing business today:

The Greatest Challenge Isn't Tech, But People

*"Creating the right culture is the central challenge for surviving technology-driven change. Process has dominated our business thinking and operations for the past 15 – 20 years. At this point in business, we have taken process about as far as it can go. **People, a company's human capital, have finally been acknowledged as a key, critical business driver for the future.**"*

The Role of the IT Relationship Manager

The role of the IT Relationship Manager has come of age. An IT organization can have the best strategy, technology and processes in place. This represents 'The What' planning critical to the positioning of IT. However, the best strategy can stall or fail at implementation, without a human capital strategy supporting it. All the talk of strategy, technology and process are great and must take place. We can talk about them forever and likely agree on the concepts. HOWEVER, the link between strategy, 'The What', and Execution – 'The How, and When' critically relies on one key role in any IT organization – the IT Relationship Manager. This role is the linking pin that aligns strategy with execution and creates and sustains the ongoing IT Value Proposition.

Without this high-functioning role delivering at the highest possible level, IT organizations run the risk of misalignment, missed execution and unmet expectations. If this role is non-existent, undefined or non performing, do we still need to wonder why IT is seen as a cost center, overhead and simply a disenfranchised maintenance function that is not invited to the strategic party.

Two-Part Considerations Regarding the IT Relationship Manager Role:

Part 1 – IT Relationship Manager Role Definition

Do you have a defined IT Relationship Manager role?

Do you have specific competencies defined for this role?

Do you have a robust governance process regarding the role and the functions interacting with this role?

Part 2 – 10 Critical Competencies for the IT Relationship Manager

1. Business Acumen and Intellectual Curiosity

2. Transformative Change Leadership – Anticipating and Partnering

3. Managing the Matrix Organization – Understanding Positive Power

4. Stakeholder Management

5. Complex Communication Skills

6. Critical Thinking and Collaborative Problem Solving

7. Accelerated Decision Making

8. Managing Client Expectations

9. Influencing and Negotiating

10. Marketing the IT Message

The IT Relationship Manager role has come of age. It's time to plan for and act upon establishing this robust role as the critical business function it is!

On an intellectual level, we all know that the value of IT is critical to an organization's success. That's obvious and supported by extensive research. However, how IT, in reality lives, performs and produces in an organization often contradicts its critical need and limits its importance in the organization. It's time to sync IT into the fabric of the organization because IT is critical to organizational success more than ever before. However, IT, you have a lot of work to do in your own functional area before this synchronization can happen. Below are 5 IT operating myths that must be debunked by IT:

1. *Myth 1 – The most important skills and knowledge in IT are Technical*

Technical skills are certainly the table stakes to work in IT, but as people progress within IT, many more organizational, transformation and leadership skills become equally important. As people move into Leadership and Senior Leadership Roles, research shows that these new skills become increasingly important, if not more important.

2. *Myth 2 – Technical people can and do easily move into leadership roles. I will promote my best technical person into the manager role*

Technical people may move into leadership roles, but that doesn't mean they actually perform the role of the leader. Again, research shows that the leadership competencies that are required for technical leadership roles are very, very different from technical skills and knowledge. IT organizations very often have the wrong people in leadership roles,

creating organizational issues and stresses up and down the line, and, with the matrix constituents with whom IT works and interacts. In addition, there is a significant underinvestment in the leadership development training required to make technical leadership really good at their leadership roles and responsibilities.

3. *Myth 3 - IT will always be treated like the organization's second-class citizen*

Today, there is a tremendous amount of C-Level and employee data around this topic. From a CEO and senior leadership perspective, there is a decline in the confidence of IT to accelerate business. IT is still viewed as a maintenance, operational role. Fewer CIO's have a seat at the strategic table and are intricately involved in strategic business decisions. When this occurs, sadly, IT is considered as an afterthought. From that perspective, IT becomes a reactive cost and overhead function instead of a business partner and anticipator who can bring value-added insights to strategic decisions. And, at the most senior level,

(cont'd on next page)

this is where the second-class citizen mentality begins, creating a second-class cultural mentality. This issue MUST be fixed within IT first or nothing else will ever change.

4. Myth 4 – High employee turnover in IT is normal. There is nothing that can be done about it

The nature of an IT function does present certain challenges that some other functions may not have. However, good IT leadership should and must recognize these challenges and create structures and processes which anticipate the challenges. Turnover is an indicator of many issues. An understanding of the issues, their causes and the organizational consequences are necessary to ensure that the right processes and structures are working. In a changing work environment, these processes and structures will need to be continually monitored and changed, when necessary, to shift and realign with employee and employment demands.

5. Myth 5 – The rest of the organization should understand how important IT is and how much value it can bring

Let's turn that statement around to, "Let's show the rest of the organization how important IT is as a solution to their business outcomes." This represents a paradigm shift. This shift means that IT will understand the business needs first and demonstrate that they can speak about IT in the language of the business, instead of in the language of IT. IT must learn to translate what they do to how it is going to impact and benefit the goals of the business. To do that effectively, IT must display a high level of business acumen, very high communication, influencing and negotiating skills and understand the stakeholders and overall politics of the organization. So to be an effective IT professional, IT skills are required. However, the softer leadership, business acumen and professional skills must be used to market the IT message outside of IT. It starts by thinking of the business constituents first and IT second. You need to move into their space, not the other way around.

We challenge you to carefully consider your own IT operating biases, your IT group and the current level of skills and knowledge that you and your people demonstrate to the business of IT and the business of the business.

SUMMARY – THE HOLISTIC IT ALIGNMENT OF STRUCTURE, PROCESS AND PEOPLE

For decades, boards, corporate executives and IT directors have sought evidence that IT investments generate business value. Unfortunately, business executives continue to find the link between investments in IT and specific business benefits something of a mystery. Yet, IT executives often assume the link is obvious.

This e-Book sets out a new approach that enables enterprises to:

- Construct a trail of evidence leading from measures of business value to indicators of the contribution made by both the IT function and each professional within IT

- Gauge the readiness of their organizations' human capital to add value in the future

JOANNE FLYNN
Founder, Phoenix Strategic Performance

ORGANIZATIONAL DEVELOPMENT
& STRATEGIC PERFORMANCE EXPERT

In 2014, Joanne Flynn founded Phoenix Strategic Performance, a strategic human capital advisory consulting firm. Prior to this, since 1989, Joanne led the consulting practice of Phoenix Group International, an executive recruiting and human resource consulting firm, where her area of expertise was the global Financial Services industry. Joanne is now taking best practices from the human capital intensive financial services industry and adapting those best practices to startup and growth businesses. She is a thought leader in the areas of strategic organizational alignment, organizational agility, human capital gap analysis, leadership challenges for the new workplace and transformation leadership.

Previously, from 1980 – 1989, Joanne was Vice President of Global Learning & Development for Goldman Sachs, Inc. At Goldman Sachs, Joanne implemented programs to improve the organizational effectiveness of business units, most notably investment banking, equities, fixed income and operations.

From an independent vantage point, Joanne worked with organizations as they faced global growth and competitive challenges. She worked with her clients to be both externally focused and internally responsive. With her unique background, she aligns competitive business development efforts with related internal organizational leadership challenges. With the benefit of her career-long focus, Joanne contributes the unique insight of aligning strategy to internal organizational structure and process. She focuses on human capital relative to strategic initiatives, accelerated business growth, value creation and business development.

Joanne is experienced in all aspects of organizational development and training on a global level. Her consulting engagements have included the design and delivery of learning and development programs on the topics of strategic leadership, business development, client account management, strategic selling, management development, and executive coaching. Her consulting clients range from global investment banks to small private equity / venture capital firms and in people intensive industries.

Joanne holds a Master of Arts degree in Business Management from the University of Oklahoma. In addition, she holds a double degree major in History and German from the College of St. Elizabeth, as well as certificates from a variety of leading universities and professional training and development organizations.

FRED MAPP
Advisor, Strategist & Author

BUSINESS & INFORMATION TECHNOLOGY TRANSFORMATION FOR GROWTH AND COMPETITIVE ADVANTAGE

Fred has 40 years of corporate leadership experience in executive positions at IBM, American Express, Honeywell, AMD and various other Fortune 500 companies. During this timeframe, Fred developed & refined business and growth processes and IT transformations. He developed the Seven Initiative Framework© accelerating organizations to success by leveraging technology for growth, competitive advantage, innovation and market dominance.

"The continued introduction of new technologies and constant customer demand for real-time business value is a challenge for most businesses and their leadership. The "Seven Initiatives" outlines fundamental principles for extracting more value from IT organizations positioning IT as a true enabler of business success. Given today's corporate demands to innovate, grow and align IT investments to revenue, profit and market share growth, this approach provides a blueprint to positively impact top and bottom-line financials and corporate shareholder value."

Through his global experience with corporate strategy development and executive advising, Fred shares his expertise. He currently assists leadership teams to transform their companies, meeting today's constantly changing demands.

Fred has written white papers and articles on topics such as Cloud computing, data center build versus buy, and the need for collaboration between business functions.

Fred is the author of "Mapping IT to Your Business" which describes the Seven Initiatives Framework© in detail.

WAYNE HAGGSTROM

Guest Contributor:
Does Your Organization Value IT as a Good Investment?

Wayne Haggstrom has more than 30 years experience in technology planning and program management for organizations ranging from the Department of Defense and Fortune 100 companies to privately-held corporations. He has worked with organizations to establish the value of their technology initiatives, strategic direction, executive leadership development, waste reduction, process improvement and project management. Wayne works with IT organizations to help them establish a more business centric approach and demonstrate their value to the C-suite.

Wayne has a Masters in Information Systems Management from Webster University and a BS in Civil Engineering from The Ohio State University. He is a certified Project Management Professional, Certified Six Sigma Black Belt through Johnson Controls, a Certified Quality Facilitator and Lean/Cycle Time Reduction through The Total Quality Institute. He is also a Certified Sustainable Building Advisor. He has been an instructor for Management and Executive Leadership Development as well as Sustainable Building Concepts and Methods. He is a Senior member of the American Society for Quality and a member of the Project Management Institute.

phoenix strategic
PERFORMANCE

Joanne T. Flynn
Phoenix Strategic Performance

(480) 242-5522
jflynn@phoenixstrategicperformance.com
www.phoenixstrategicperformance.com

Fred Mapp
Mapping IT

(480) 363-3316
fred@mapping-it.com
www.mapping-it.com

To schedule your complimentary human capital assessment, please visit:
http://www.phoenixstrategicperformance.com/schedule-assessment