Strategy Execution and the Role of the CIO/IT

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- Founded in 1974; CISR has a strong track record of practice-based research on how firms manage & generate business value from IT
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2009 CISR Research Projects

The View from the Top: IT and Business Value

- Achieving Superior Business Value from IT —A Single Framework of What Matters
- Communicating Effectively about IT Value
- Maturing and Globalizing IT Governance

Building and Leveraging IT’s Assets

- Managing Business Experiments: Web-based Innovations in Collaboration
- Learning from IT Projects: Effective Post-Implementation Reviews
- Benchmarks for IT Decision Making

Managing Digitized Organizations

- Leading the Transition to the Digitized Platform
- Designing and Managing Shared Services
- Managing the Information Explosion
- Making Sense of “the Cloud”
Agenda

- Why Firms Need a Digitized Platform
- Who Will Own the Platform? The SEO
  - Three key SEO responsibilities
  - Two Models of CIOs as SEOs
  - The non-IT SEO
- How the SEO Evolves
- The Future of the CIO
The IT landscape at most firms

Corporate Data

Data
Applications
Technology Platforms

Corporate Networks & Infrastructure Services
The vision for the future systems landscape

- Data Warehouse
- Middleware
- Core Processes
- Applications
- Data
- Technology Platforms
- Corporate Networks & Infrastructure Services
Companies build their platforms in stages.

<table>
<thead>
<tr>
<th>Business Silos</th>
<th>Standardized Technology</th>
<th>Optimized Core</th>
<th>Business Modularity</th>
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Percentage of firms in each stage is updated based on a 2007 survey of 1508 IT executives.
The strategy execution officer (SEO) owns the platform

3 roles of the SEO:

- Enterprise IT & Process Governance
  - Designs Platform
  - (11)

- Ongoing Operations/Continuous Improvement
  - Builds Platform Components
  - (4)

- Project Design & Implementation
  - Leverages Platform
  - (10)

Numbers reflect how many of 12 SEOs we studied defined each responsibility.
Responsibility 1: IT and Process Governance

- Ensure clarity among senior executives about platform design.
- Coordinate demands for enterprise change projects, most of which involve IT implementations.
- Establish priorities for change projects based on multiple criteria:
  - Organizational readiness
  - Contribution to platform
  - Ability to use platform
  - Expected benefits
- Work with senior executive team which either makes investment decisions or approves SEO recommendations.
Responsibility 2: Project Design/Implementation

- Ensure disciplined, effective project methodology.
- Engage all key stakeholders early and often.
- Provide expertise on process design.
- Provide oversight and/or support of change management.
Responsibility 3: Ongoing Operations

- Provide enterprise services, usually as a shared services organization.
- Accept accountability for continuous improvement of the platform.
- Ensure that the enterprise is driving value from the platform.
Two Models of CIOs in SEO Roles

1. **The all-inclusive SEO**
   - Owns all three SEO responsibilities

2. **The partnered SEO**
   - Owns first two responsibilities and works closely with a COO or other operational leaders
The SEO: Dave Kepler, VP of Shared Services and CIO, Dow Chemical Company.

SEO background: Started as CIO; role grew as CEO added responsibilities.

Core of the platform is an SAP ERP, implemented in early 1990s.

Shared services organization includes IT, six sigma team, customer service, supply chain, and purchasing processes.

6,000–7,000 of company’s 40,000 employees report to SEO.

IT operations outsourced to IBM; Accenture is strategic partner for applications development.

Growing responsibilities of the SEO facilitate global integration.

Source: Dow Chemical Company. Used with permission.
Dow Chemical Company Shared Services Unit

President and COO
The Dow Chemical Company
Andrew Liveris

Corporate Vice President
Shared Services
Dave Kepler

Customer Service
- Customer Service Centers
- E-Business
- Customer Information Group
- Order to Cash Work Process

Six Sigma and Work Process Expertise Center
- Six Sigma Expertise
- Implementation Work
- Process
- Work Process Expertise
- Center

Global Purchasing

Global Supply Chain

Supply Chain Services & Technology Center

Chemicals and Intermediates*

Dow AgroSciences*

Hydrocarbons and Energy*

Performance Chemicals and Thermosets*

Plastics*

Dow and Accenture Alliance
- Application Development and Support
- All IT Operations and Services
- Facilities Management

Information Systems
Dave Kepler, CIO

Chemicals and Plastics*
- Chemicals and Intermediates
- Hydrocarbons & Energy
- Performance Chemicals and Thermosets
- Plastics
- I.T. Strategy and Architecture for Dow

Support Services
- Finance
- Communications
- Human Resources
- Legal

Dow and Accenture Alliance

Dow AgroSciences*

*Aligned to Business Leaders

Source: Dow Chemical Company. Used with permission.
Model 2: Southwest Airlines’ Partnered SEO

- The SEO: Bob Jordan, EVP of Strategy and Technology, Southwest Airlines.
- SEO background: Previously head of Technology, Corporate Facilities and Procurement; has an IT background and has gradually assumed more responsibility for IT and change management.
- Platform development focused on ground and customer operations.
- Coordinates efforts of seven strategy teams (e.g., best place to work, largest domestic carrier, low-cost carrier, best customer experience).
- Teams comprised of 30 top executives, each is on more than one team so that they acquire cross-functional view of the firm.
- Investment decisions made by Executive Planning Committee (top eight executives) but guided by strategy teams.
- Strategy leaders participate in monthly project reviews to ensure progress and eventual business success.
- SEO heads corporate project management office. Team of 25 includes project and change managers. They lead projects but business heads are accountable.

Source: Southwest Airlines. Used with permission.
Campbell Soup's Process Owners

- The Process Owners: David White, SVP; Global Supply Chain, Bob Schiffner, CFO; Doreen Wright, CIO
- Process owners' background: each head of one core process
  - David White brought in to Campbell to head new supply chain processes (make to buy)
  - Bob Schiffner created finance shared service to head new account to report process
  - Doreen Wright headed order to cash, but handed off to new VP of customer service
- Core of platform: SAP supporting 3 core business processes
- IT and business managers team up on Centers of Excellence to drive new processes and process improvements
- IT operations outsourced to IBM
- Carefully designed project governance clarified responsibilities for implementation; then shifted to COEs.
Roles and responsibilities change as firms transition from transformation to driving value from a digitized platform.

**Governance**

**Build the Platform:** Set priorities and provide focus on critical processes

**Use the Platform:** Establish compliance and exception processes

**Process Ownership Roles**

**Build the Platform:** Create high-powered, full-time team to design and implement transformed processes

**Use the Platform:** Assign high-level process owners; establish centers of excellence and shared services

**People Development**

**Build the Platform:** Provide training required for new roles, new mindset, and unlearning of habits

**Use the Platform:** Develop incentives and accountability for using data and services
Alternative Futures for the CIO

- SEO: head of digitized business processes and services
- CTO: technical leader working closely with IT savvy business leaders
- Business partner: part of the senior management team designing processes and services
- Profit center leader: business head of services unit selling business and IT services to organizational entities
- Change leader: IT split between CIO (change management) and COO (operations)

What's the right fit for you?