



# Making Time: The Office of the CIO

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# Foreword

CIOs face increasing demands on their time and attention. Time robs CIOs of management capacity.

CIOs can expand their management capacity by leveraging an “office of the CIO.”

CIOs have big jobs with diverse business, technical and organizational responsibilities. The complex issues surrounding these responsibilities require coordination and thought to resolve properly. The result is often long days, and sometimes even longer nights for the CIO.

CIOs need a way to get more management capacity without increasing overhead and bureaucracy. This report addresses the question, *What can a CIO do to increase management capacity?*

Making time involves extending the management capacity of the CIO and the IS leadership team. Leading CIOs create an office of the CIO in response to these challenges.

*Making Time: The Office of the CIO* was written by the Gartner Executive Programs (EXP) research team led by Mark McDonald (group vice president and head of research) and Chuck Tucker (vice president and research director).

Many organizations and individuals from around the world contributed to the research, including:

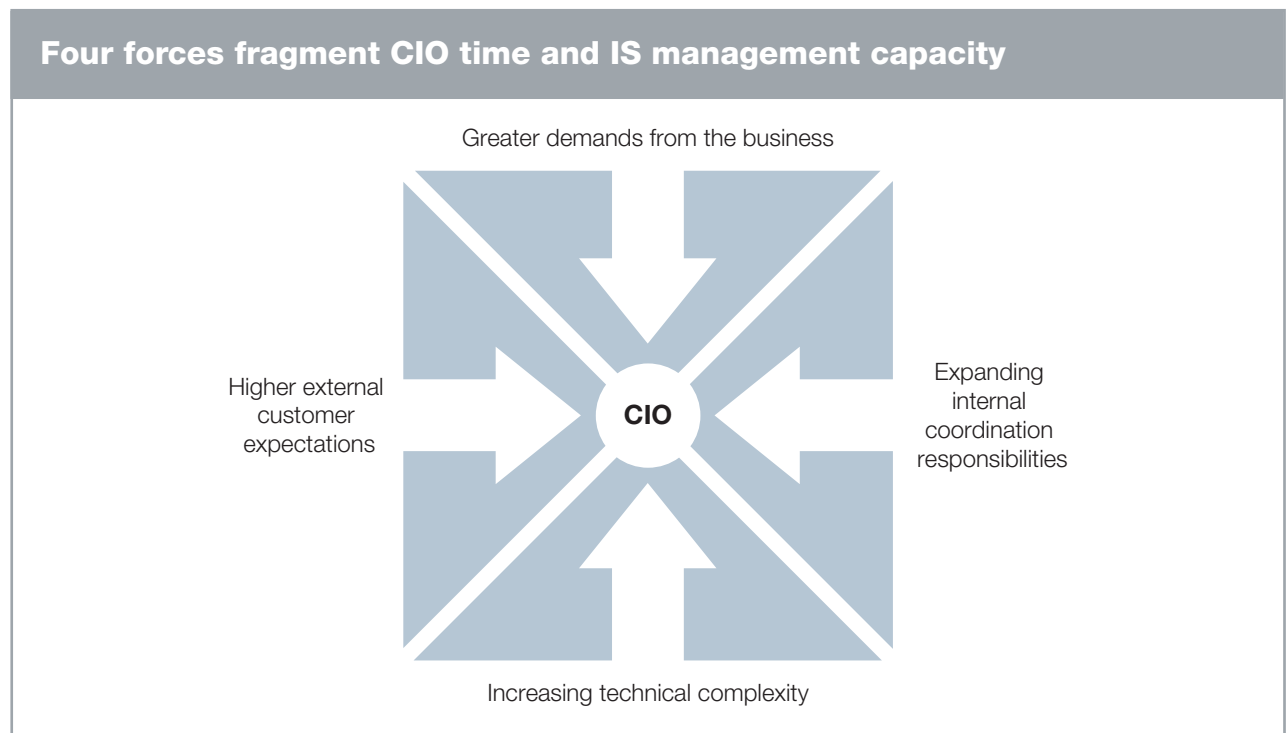
- The interviewees and contributors to the case studies: Barbra Cooper, group vice president and CIO, Toyota Motor Sales USA; Joe Drouin, CIO, TRW Automotive; Federico Florez, CIO, Banco de España; Bill Gibbons, director, Abbey; Patrick Hannan, CIO, the Victorian Department of the Premier and Cabinet, Australia; Ina Kamenz, CIO, Tyco Fire & Security; Susan Keen, CIO, Naval Air Systems Command; Dirk le Roux, general manager, IT strategy and risk management, Absa Group; Archie Lightfoot, director IS business support, Amerada Hess; Bill Packer, CIO, Irwin Home Equity; and Luc Verhelst, CIO, Landsbond der Christelijke Mutualiteiten.
- Other members of the Gartner EXP research team: Dave Aron, Marcus Blosch, Richard Hunter, Patrick Meehan, Tina Nunno, Andrew Rowsell-Jones and Gartner adjunct researcher, Barbara McNurlin.
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# Executive summary

CIOs face complex issues that compete for their time and attention. These issues cannot simply be prioritized and ignored. They require a new management approach that increases management capacity. One such approach is to establish an office of the CIO.

Rising customer expectations, escalating business demands, expanding coordination responsibilities and increasing technical complexity challenge the CIO and IS leadership team. CIOs need to enhance their management

capacity to think through and act on these business and technical issues. Many either work harder or more aggressively to manage their priorities. But this situation is not a time-management issue.



## **Section 1: CIO time and attention are being fragmented**

CIOs have broad responsibilities involving complex business and technology issues. Managing these in the time available is a dilemma. But this dilemma is not a time-management issue because the forces driving these issues are not going away.

- Increasing forces fragment CIO time and attention.
- CIOs may not recognize the fragmentation warning signs.
- CIOs need ways to increase their management capacity.
- There are multiple ways to extend management capacity.
- Unique characteristics define an office of the CIO.
- Irwin Home Equity uses a team-based approach to resolve complex issues.
- Absa Group gains strategic relevance through focus.
- The office of the CIO reverses the forces challenging the CIO.

## **Section 2: An office of the CIO provides an answer**

The office of the CIO provides an organizational structure for extending management capacity without building overhead and bureaucracy. An office of the CIO leverages management capacity and builds the next generation of leaders in the IS organization.

- The office of the CIO is an organizational structure for the CIO, IS and the business.
- Toyota Motor Sales USA manages supply and demand issues through an office of the CIO.
- CIOs define the scope and roles of the office to fit their needs.
- CIOs use the office to strengthen IS.
- Roles within an office of the CIO reflect its enterprisewide focus and specialized position.
- The office of the CIO implements IS Lite principles.
- Amerada Hess coordinates IS globally through an office of the CIO.



### **Section 3: Choose a model based on context and need**

There is no universal model for the office of the CIO. Four common models exist. This section uses case-study examples to highlight the scope and results generated from these different models.

- There are four office models.
- A semiformal office of the CIO provides a flexible tool for responding to IT issues.
- TRW Automotive's semiformal office is integrated into the IS leadership.
- A collaborative office of the CIO provides agility to address issues, and resources to follow them through.
- A coordinating office of the CIO connects IS across business units.
- Tyco Fire & Security uses the office to help run IS like a business.
- A directional office of the CIO extends the CIO's leadership reach.
- Landsbond der Christelijke Mutualiteiten uses the office to direct IS and business change.

### **Section 4: You have many of the parts—You can start now**

The office of the CIO is an enhancement to existing management and governance structures. Establish an office of the CIO through the following actions:

- Determine your need for an office of the CIO.
- Select a model that fits your context and needs.
- Staff the office of the CIO with the right people.
- Deploy resources for the office, including the governance for shared results.
- Establish funding and deployment mechanisms to support the office.

**CIO time and  
attention are being  
fragmented**

# 1

**CIOs have broad and visible responsibilities involving business and technical issues that are not simple to resolve. The forces behind these issues are increasing, requiring CIOs to increase management capacity without building overhead.**

**“We need a way to better recognize the needs of the enterprise. With so much going on, it would be easy for us to take our eyes off the ball.”**

— *Bill Gibbons*  
*Director*  
*Abbey*

## **Increasing forces fragment CIO time and attention**

Forces fragmenting CIO time and attention are not one-time events (see figure opposite). They are not solved with a project or task force. Rather, they generate pressures on the CIO and the IS organization to deliver more to customers and the business without increasing resources.

*Higher external customer expectations:* As customers gain direct access to systems through portals and self-service applications, their expectations rise and the CIO and IS feel the heat to respond to their demands.

*Greater demands from the business:* The business wants more value, better alignment and cheaper IT services. IT is now critical to most business processes, escalating the demands for even higher-quality and lower-cost IT.

*Expanding internal coordination responsibilities:* Compliance, IS infrastructure consolidation, increased standardization and multisourced agreements all consume management’s ability to handle enterprisewide ramifications.

*Increasing technical complexity:* Not only are newer, more complex technologies appearing, but they need to be integrated with existing systems—while maintaining data quality, a coherent architecture and room to grow.

These forces create highly visible enterprisewide issues that are increasingly impossible for CIOs to handle on their own. CIOs need to work smarter, not harder, by increasing IS management capacity without creating overhead or bureaucracy.

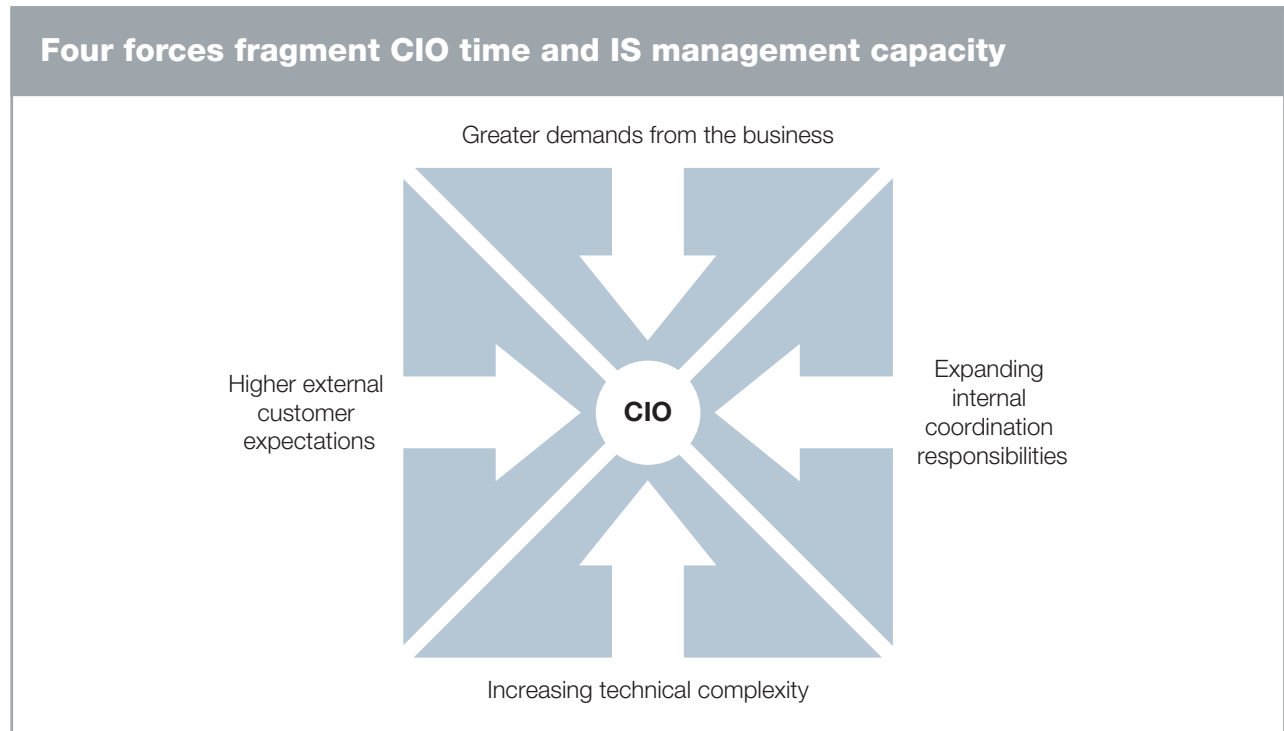
How does a CIO focus on the things that matter in an environment where so much matters? The answer to this question requires the CIO to recognize that these forces do not challenge CIO time, they challenge the entire IS organization’s management capacity.

### A chief technology officer is not enough

Many enterprises appoint a chief technology officer (CTO) to be the chief IT officer (in charge of the supply side of IT), thereby giving the CIO more time to work with the business (demand side). Having a CIO and CTO does not eliminate forces fragmenting management capacity and focus.

The division of labor between the CIO and CTO doesn't address the specific cross-enterprise issues that require coordination across supply and demand, and between IS and the business.

CTOs face complex technical, regulatory and other policy issues and could well use the expertise and resources of an office of the CIO.



**“In their stand-alone roles, IS leaders’ views are ‘in the small,’ focused on their scope of control, not the enterprise. The ‘office’ provides a format for them to be more creative, more business oriented and expansive in their views because it is a different role and a team context.”**

— *Bill Packer*  
*CIO*  
*Irwin Home Equity*

## **CIOs may not recognize the fragmentation warning signs**

CIO challenges often masquerade as time-management problems where the CIO has too many No. 1 priorities. CIOs recognize the symptoms but wrongly conclude that better time management is the answer.

There is a difference between prioritization and having a scope of responsibility that is too broad for a single person.

The answer to CIO fragmentation begins with recognizing the warning signs:

- You do not have enough time to work with your business peers on business issues.
- You’re not spending sufficient time with your own leadership team.
- IS responses to issues would be better with more time for thought and planning.

Personally, you know that your time and attention are fragmented when:

- You reschedule meetings because more important meetings, issues and crises demand your attention
- You revisit previous decisions, as you understand the issues better
- Priorities you set are overruled by events or the CEO, CFO or COO
- You are booking meetings 90 days in advance because that’s when your calendar is free
- People refer to you as “the late ...” (It’s not that you’re deceased, it’s just that you are never there when the meeting starts)
- You work late every night, on weekends, on vacation and while you are reading this

These are symptoms of inadequate management capacity. And they will not go away with better prioritization, or when the budget is done, or the quarter has ended or the management meeting is over.

## CIO attention is fragmented

According to the Gartner EXP 2004 CIO Survey, CIO attention is highly fragmented. Of the 956 responding CIOs, two-thirds ranked 21 out of the 26 areas as important. CIO management capacity is challenged by too many management priorities.

The forces fragmenting CIO time and attention are not restricted to large enterprises. All CIOs need to address these issues no matter the company size or industry. The survey found that CIOs across the board face fragmentation.

| CIO strategic management priorities                         | Ranking 2004 | Percent in agreement 2004 |
|---|--------------|---------------------------|
| Developing leadership, business and behavioral competencies | 1            | 91%                       |
| Demonstrating the business value of IS/IT                   | 2            | 88%                       |
| Strengthening the IS/business linkages                      | 3            | 86%                       |
| Improving the quality of IT services                        | 4            | 86%                       |
| Providing leadership and guidance for the board             | 5            | 85%                       |
| Helping business managers understand IS/IT issues           | 6            | 84%                       |
| Tightening security and privacy safeguards                  | 7            | 84%                       |
| Strengthening PPM   | 8            | 83%                       |
| Increasing the use of IT architecture and standards         | 9            | 83%                       |
| Making IS more service oriented                             | 10           | 82%                       |
| Improving IT governance                                     | 11           | 79%                       |
| Improving business continuity planning/readiness            | 12           | 78%                       |
| Reducing/restructuring IT costs                             | 13           | 77%                       |
| Applying metrics to the IS organization                     | 14           | 76%                       |
| Managing benefits realization                               | 15           | 75%                       |
| Enhancing human resource and skills management in IS        | 16           | 72%                       |
| Faster time to market of new IT services                    | 17           | 70%                       |
| Enabling business growth                                    | 18           | 68%                       |
| Managing external relationships with outsourcers            | 19           | 67%                       |
| Managing the strategic sourcing of IS services              | 20           | 65%                       |
| Managing contractual terms and conditions                   | 21           | 65%                       |
| Collaborating with CIOs and BMs from other enterprises      | 22           | 61%                       |
| Increasing IS's financial sophistication                    | 23           | 57%                       |
| Managing knowledge capital/intellectual property            | 24           | 52%                       |
| Implementing six sigma in the IS organization               | 25           | 24%                       |
| Taking IT services offshore                                 | 26           | 20%                       |

Source: 2004 Gartner EXP CIO Survey; 956 respondents.

**“Executives making investment decisions must understand the systems framework that they are fitting into. I want systems thinking, architecture compliance and security awareness to be part of the decision process—not after the ‘fact checking’ by me. I need a structure where I am not the only one talking about IT.”**

— *Susan Keen*  
*CIO*  
*Naval Air Systems*  
*Command*

## **CIOs need ways to increase their management capacity**

Customer, business, coordination and technical forces prevent the CIO and the entire IS leadership team from investing in vital leadership activities such as:

- Building relationships with CxOs and business leaders
- Improving IS coordination across the enterprise
- Leading the IS organization
- Building the next generation of IS leaders and the IS organization’s capabilities

CIOs become leaders when they recognize their own limitations—either in their knowledge or management capacity—and find ways to address the issue.

## **There are multiple ways to extend management capacity**

Organizational structures adapt to find ways to increase their capacity. The table opposite recaps the strengths and challenges of common approaches.

A growing number of CIOs use another approach that blends the best aspects of direct reports, leadership teams and centers of excellence. This approach involves a defined team of IS professionals, with clear responsibilities for issues that run across the IS organization and the enterprise. The generic term for this approach is the “office of the CIO.”

### **Many CxOs already use the office concept**

The CEO and other CxOs face the same challenges as the CIO. These executives use an office structure to enhance their management capacity. The office of the CIO follows this pattern. It provides IS with the resources that support the CIO in enterprisewide issues. Use similar CEO or CxO structures as models when considering creating your own office of the CIO. You need the same level of support as your peers.



## CIOs use different organizational structures to extend management capacity

| Organizational structure  | Strengths  | Challenges  |
|---|--|---|
| <b>Executive committee</b> —a body of senior business and technology leaders meeting to make directional decisions                | Visible senior leadership involvement communicates importance; leaders from across the enterprise provide a broad perspective                  | Relying on subject-matter support may limit senior leaders' understanding and involvement and lessen the value of the decisions               |
| <b>CIO direct reports</b> —the IS leaders reporting to the CIO, each with their own scope of responsibility                       | Members have direct reporting responsibilities; making these decisions is a leadership activity and engages the senior IT leadership team      | Direct-report relationships are not conducive to open discussion of options; direct reports need to think beyond operational responsibilities |
| <b>Chief technology officer</b> —an IS leader, often in charge of managing the “supply side” of the IS organization               | A single person responsible for managing IS operations and the supply side of IT provides a single point of accountability                     | A single point of contact often shifts fragmentation to another executive while creating additional CIO/CTO coordination requirements         |
| <b>Center of excellence</b> —a focused team of subject-matter experts attached to the CIO to address specific issues              | Enables building subject-matter expertise and deploying it to the organization; has operational responsibilities in the subject area           | Connecting with the operational context and defining practical approaches; building core skills to reduce reliance on external consultants    |
| <b>Task force</b> —a team assembled to focus on a specific issue or set of issues, which disbands once the task is completed      | Assembles experts quickly with a clear mission and charter; produces results in a timely manner; structure independent of organizational roles | Temporary, single-decision focused; difficult to hold accountable in a changing environment; loses power if used regularly                    |
| <b>External consultants</b> —experienced subject-matter experts bringing practices and processes from outside the IS organization | Provides focused, market-relevant skills and experience at scale to address immediate issues   | Building ownership of decisions within IS organization; building required skills and experiences within the organization                      |

**“If you have multiple businesses with their own IT departments, then you need an office of the CIO.”**

— *Ina Kamenz*  
CIO  
*Tyco Fire & Security*

## **Unique characteristics define an office of the CIO**

CIOs do not work in isolation. They are supported by IS leaders and an IS organization. The value of an effective management team can't be denied. However, responding to the issues generated by customer, business, coordination and technical forces requires decisions and actions that span enterprisewide organizational boundaries, not just IS.

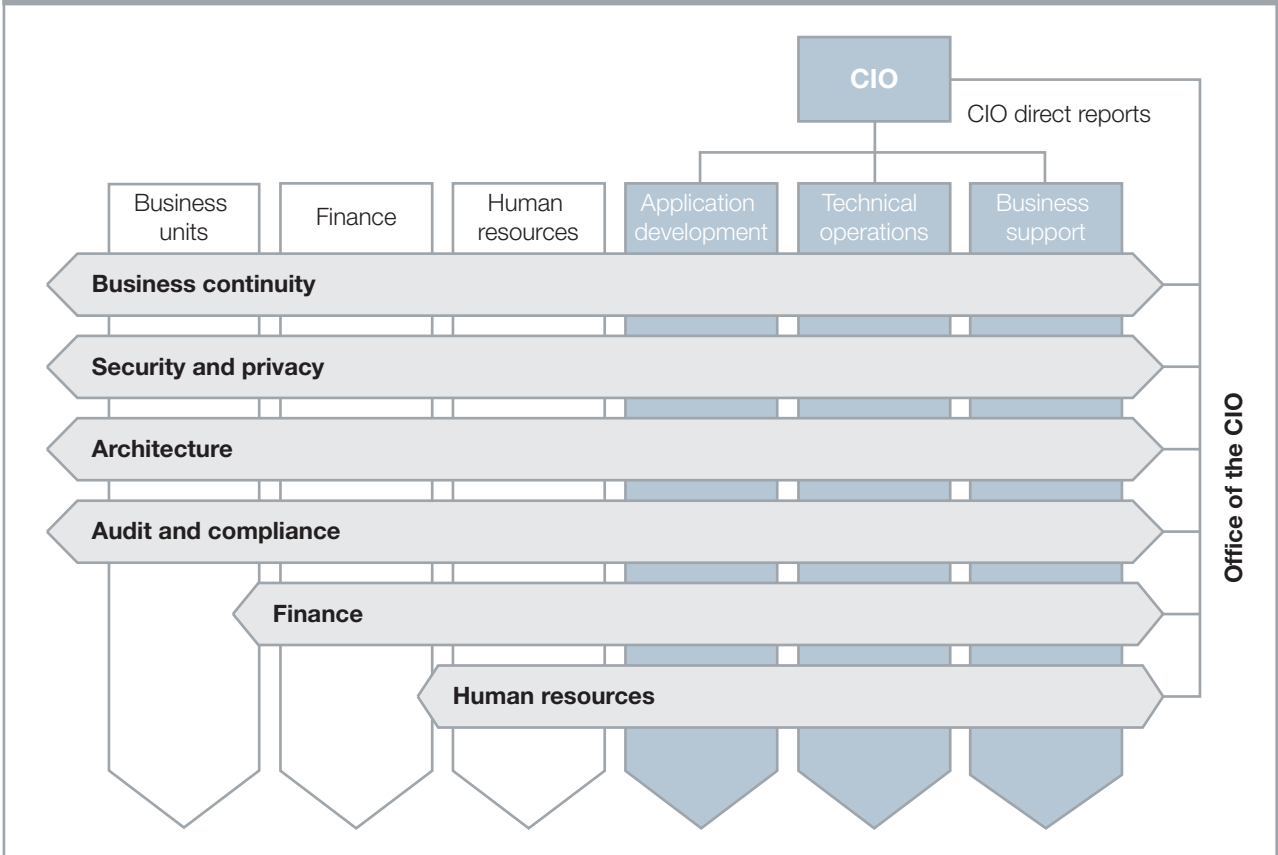
### **The office of the CIO focuses on enterprisewide issues where IT is an integral part of the response**

A combination of characteristics distinguishes the office of the CIO from other management structures:

- **Team-based.** It uses a team-based approach with an identified membership. This team can include the CIO's direct reports, but it often includes people who do not normally directly report to the CIO, giving it the ability to assemble the best people when addressing enterprise issues.
- **Enterprise-oriented.** It focuses on issues affecting the whole enterprise where IT must be part of the response. Its scope and reach cross individual reporting relationships in IS, to provide a comprehensive and coordinated solution to each issue.
- **CIO proxy.** It represents the CIO through its access to information and influence. It can make CIO-level decisions and deploy those decisions within the business and within IS.

The figure opposite distinguishes the office of the CIO by the processes it addresses and its relationship to the IS organization and enterprise reporting structures.

The office of the CIO focuses on enterprisewide issues where IT must be a part of the response



## Case Study:

### Irwin Home Equity—Using a team-based approach to resolve complex issues

Irwin Home Equity (IHE), part of Irwin Financial Group, faces the issues of business continuity, security and privacy. These are all large-company issues, but IHE has an IS staff of approximately 65 people (including contract help). The CIO, Bill Packer, recognizes that these are issues he cannot deal with alone. Packer moved to an office-of-the-CIO structure to expand collaboration and innovation on these issues. This set up a different team dynamic than that found in a direct-reporting relationship.

“The direct-report relationship is often very formal and very reportee-to-boss focused with an emphasis on achieving the day-to-day plan. Since most direct-report conversations are bilateral, they do not provide the open dialog needed to address some critical and complex issues,” Packer says.

#### **IHE’s office of the CIO enjoys a strong identity**

The office of the CIO at IHE brings together a small team with a strong collaborative identity. The office comprises people working on broader, more thematic issues facing IT. These people include:

- Chief information officer
- Manager, business continuity and disaster recovery
- Manager and information security officer

- Associate director, infrastructure planning and operations
- Associate director, technology review officer (includes operational excellence and budgeting)
- Director, information services (chief of staff)

The office agenda focuses on IT policy and its execution. Its members are “working managers” rather than staff functions. These people have day-to-day line responsibilities. They are part of the office team in addition to their normal responsibilities.

The office is managed informally. Members work together to effect change and get the best out of a diverse set of people. The office gives the leaders an opportunity for collaboration, peer exchange and debate.

CIO Packer believes that this style is part of the future of IS, as Generation X people naturally work this way. “They form teams and exchange ideas. This is an approach for getting them engaged in management and leadership, and with others.”

*Based on an interview with, and material from, Bill Packer, CIO, Irwin Home Equity, June 2004.*

## Case Study:

### Absa Group—Gaining strategic relevance through focus

*Absa Group is one of South Africa's major financial services organizations, serving personal, commercial and corporate customers in South Africa. Its revenues for 2004 were US\$665 million with a cost-to-income ratio of 57.1 percent.*

Absa has a largely centralized IT function (group IT) that serves its more than 40 business units. Group IT has a complement of about 1,100 people and an operating budget of close to US\$303 million. Given the prominent role of IT in financial services, strong IT direction and strategy are required. Absa uses an office-of-the-CIO structure to focus on IT strategy formulation, as well as alignment and execution issues.

Dirk le Roux is general manager, responsible for IT strategy and risk management, which essentially represents the office of the CIO. Le Roux is a member of the group IT executive team, which consists of IT architecture, business engagement, IT services, IT project delivery, user and environmental support, as well as the center of excellence. Group IT is headed by a chief technology officer.

The office of the CIO has a total complement of 25 (23 specialists and two secretaries). Twelve people are involved in strategy development, IT strategy consulting to SBUs, production of the group IT balanced

scorecard, establishment and management of alliances with key vendors, development of IT processes and conducting IT-related research. One person is dedicated to the IT secretariat function in support of various IT governance forums while the other 10 cover IT risk management, e.g., IT risk assessment, compliance, business continuity and audit. The team collaborates across the group IT operating model for a common and coordinated IT strategy.

The focus has produced good results: A cost reduction program in 2003 has significantly reduced IT costs. Absa has benefited from the alliances with key IT vendors while the group IT balanced scorecard not only serves to direct strategy implementation, but also forms the basis for an IT staff incentive scheme. The enterprise technology strategy is effectively prioritizing and aligning IT initiatives with the Absa business strategy. The office now has the credibility to focus on technology strategies for business growth and competitiveness. This is enabled by good relationships with business leaders and a strong governance function.

*Based on an interview with, and material from, Dirk le Roux, general manager, IT strategy and risk management, Absa Group, July 2004.*

**“Rather than standards setting, the office of the CIO provides an opportunity to collaborate on issues that are bigger than any one member of the IS leadership team.”**

— *Bill Packer*  
*CIO*  
*Irwin Home Equity*

## **The office of the CIO reverses the forces challenging the CIO**

An office of the CIO collaborates with the CIO and IS leadership team, providing the resources and expertise to address tough and complex business, coordination and technical issues. CIOs who recognize the need for specific people to focus attention on these issues—aside from running IS—often find they can reorganize existing resources into a new office structure.

Other potential benefits are shown in the figure opposite:

- Increases the CIO’s capacity to engage business leaders and work at the strategic level, leaving the office of the CIO to manage relationships at the operational level
- Expands the resources dedicated to compliance and controls through focusing resources and subject-matter expertise on internal collaboration across IS
- Increases focus on architecture, coordination and standards to better manage technical complexity
- Creates greater attention to IS delivery by continuously improving IS operations

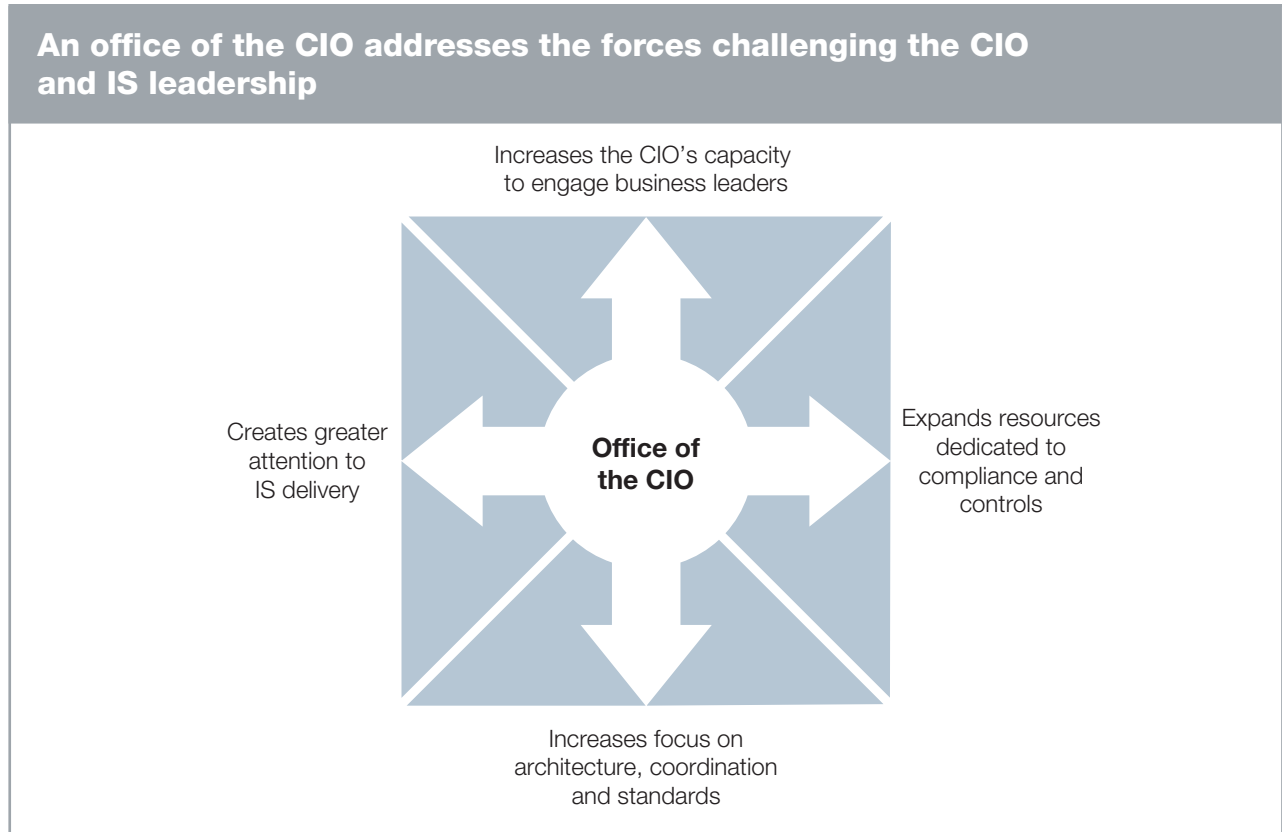
Achieving these benefits requires having the right combination of people working within the proper scope of responsibility.

### The office of the CIO reflects the changing shape of IS

The move to an office of the CIO reflects the need for greater IS agility and performance. We estimate that less than 5 percent of IS organizations currently have an office of the CIO. However, given the persistent demands

on CIO time and attention coupled with the value of an efficient office, we believe this is an approach applicable to many organizations.

There is no “one size fits all” for an office of the CIO. However, common characteristics provide guidance to CIOs. These characteristics are described in the next section of this report.



# An office of the CIO provides an answer



**An office of the CIO is an organizational structure that increases CIO and IS management capacity. CIOs use an office that fits their context, their needs and the decisions they face.**



**“The CIO has to manage his role, his position and the relationship with the business. You need to establish a mechanism to work at different levels with the business. There are alternatives to the office of the CIO; however, in my opinion, they are worse, as they require more people.”**

— *Federico Florez*  
CIO  
*Banco de España*

## **The office of the CIO is an organizational structure for the CIO, IS and the business**

Achieving coordination and responding as one enterprise require CIOs to leverage themselves and their IS leadership team. They need expertise and resources that focus on these issues to expand their thinking and extend their management reach.

The office of the CIO contains activities that most directly support the CIO's responsibilities. It comprises people whose work contributes directly to the CIO's personal accountability for strategy, insight, planning and policy direction. It also provides general support functions like secretarial, finance and human resources. The office augments rather than replaces the senior IS leadership team's contribution.

### **The office of the CIO differs from the IS leadership team**

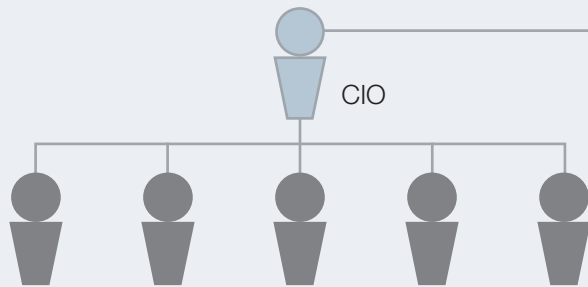
The office includes members of the IS leadership team. But its membership is not restricted to IS leaders. Often, the office of the CIO provides subject-matter experts, experienced personnel and others with direct access to the CIO on important issues.

The office of the CIO is a collaborative structure where individual members work as equals or near-equals on issues. This allows the office to blend different knowledge and experience to address cross-disciplinary issues.

In contrast, the IS leadership team is a control structure responsible for operations and results. It focuses on projects, budgets, relationship management and deliverables. And it addresses issues requiring immediate action and resolution, largely within its sphere of responsibility.

The office of the CIO addresses IS policy, strategy and standards issues, which require coordinated responses across IS functions and often across the enterprise (see figure opposite).

**The office of the CIO focuses on coordination and standards, while IS leadership focuses on implementation and delivery**



**IS leadership team**

Sample responsibilities:

- Execute the IS strategic plan
- Deliver IS services and business results
- Manage to the budget
- Manage personnel
- Resolve operational issues
- Lead their teams



Sample responsibilities:

- Represent and support the CIO
- Coordinate across the IS organization and the enterprise
- Set IS policies, standards and architecture
- Manage relationships with the business, finance and HR
- Facilitate setting the IS direction and strategy



# 2

The IS leadership team can also address these issues, but they may or may not have the required expertise. For that reason, more CIOs are using an office to bring together the right skills, some of which exist outside the IS leadership team. Having a separate team improves decision quality and reduces tensions in IS by involving the right constituencies.

An example of a company using its office of the CIO to lead a complex IS organization is Toyota Motor Sales USA.

## Case Study:

### Toyota Motor Sales USA—Managing supply and demand issues through an office of the CIO

*Toyota Motor Sales USA (TMS) is the U.S. sales, distribution, marketing and customer-service subsidiary of Toyota Motor Corporation. It markets products and services through a network of over 1,700 Toyota and Lexus dealers in 49 states.*

Business growth, increased business and IS complexity, and demands on the CIO's time led to a new operating model for IS. Barbra Cooper, TMS's group vice president and CIO, restructured IS in January 2004 to become better balanced, disciplined and performance-based.

The office of the CIO is an integral part of this new operating model. Its purpose is to be fiscally responsible for the "business of IT." The office functions as the CIO's "arms and legs," providing strategic leadership and faster decision making based on an enterprisewide view of IT.

The office comprises approximately 30 employees, contractors and consultants. While there was no net increase in head count necessary to establish the

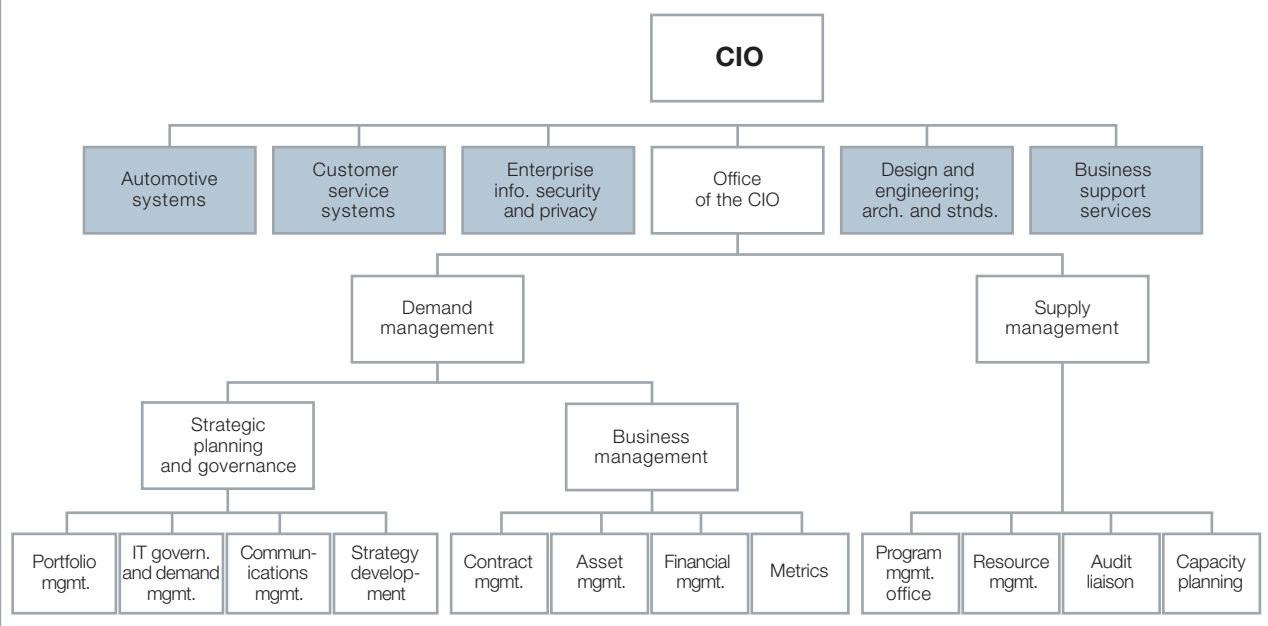
office, some people changed roles and new people were recruited from the business and outside TMS. The plan is to reduce the office size once processes have been institutionalized.

The office evolved from the previous program management office (PMO). It consolidates the staff functions that support the CIO and the IS units, changes the focus of some units and provides new functions such as metrics and enterprise governance. The office is divided into supply and demand functions (see figure below).

Cooper is already seeing the early impact. IS agility in sourcing and governance has improved, and consolidated reporting of IS performance has become easier. Cooper now has more time to devote to building her relationships with her peers and the CEO.

*Based on an interview with, and material from, Barbra Cooper, group vice president and CIO, Toyota Motor Sales USA, July 2004.*

### TMS's office of the CIO manages issues of supply and demand



# 2

## **CIOs define the scope and roles of the office to fit their needs**

No universal model for an office of the CIO exists. In general, the office is small in proportion to the overall IS organization: less than 1 percent of total IS staff in large organizations. The 12 enterprises interviewed for this report use the office of the CIO to handle architecture, strategy, security, business continuity, privacy and other responsibilities. The office scope determines its size and focus.

Offices can also have two overriding purposes:

- *Internal coordination:* CIOs leading larger IS organizations tend to use an office to coordinate their far-flung operations. They focus internally on managing the business of IS due to the breadth of their responsibilities.
- *External collaboration:* CIOs in medium-size organizations deploy an office of the CIO to gain access to the best thinking on strategy, policy and standards. They are more externally focused to give the CIO the breadth of experience and the ideas needed to manage IT.

The figure opposite reflects a sample of the enterprisewide issues addressed by an office of the CIO.

## An office of the CIO covers a range of functional responsibilities

| Office functions                                     | Case-study frequency    |
|--|-------------------------|
| Finance, budget and IT forecasting (8)               | ■ ■ ■ ■ ■ ■ ■ ■ □ □ □ □ |
| Technical architecture planning (8)                  | ■ ■ ■ ■ ■ ■ ■ ■ □ □ □ □ |
| Human resources for IT (7)                           | ■ ■ ■ ■ ■ ■ ■ □ □ □ □ □ |
| IT strategy and strategic planning (6)               | ■ ■ ■ ■ ■ ■ □ □ □ □ □ □ |
| Business relationship management (5)                 | ■ ■ ■ ■ ■ □ □ □ □ □ □ □ |
| Communications (5)                                   | ■ ■ ■ ■ ■ □ □ □ □ □ □ □ |
| Program management office (PMO) (5)                  | ■ ■ ■ ■ ■ □ □ □ □ □ □ □ |
| Regulatory and audit compliance (4)                  | ■ ■ ■ ■ □ □ □ □ □ □ □ □ |
| Investment management, portfolio management (4)      | ■ ■ ■ ■ □ □ □ □ □ □ □ □ |
| Operational excellence/IT continuous improvement (4) | ■ ■ ■ ■ □ □ □ □ □ □ □ □ |
| Risk management (4)                                  | ■ ■ ■ ■ □ □ □ □ □ □ □ □ |
| Business continuity planning (3)                     | ■ ■ ■ □ □ □ □ □ □ □ □ □ |
| Information security and planning (3)                | ■ ■ ■ □ □ □ □ □ □ □ □ □ |
| Vendor management (3)                                | ■ ■ ■ □ □ □ □ □ □ □ □ □ |
| CIO support (2)                                      | ■ ■ □ □ □ □ □ □ □ □ □ □ |

# 2

**“There needs to be a good fit between the CIO and the members of the office of the CIO. The people in the office must not be placed above the rest of the IS organization, although they coordinate IS. The office may have senior people in it, but it is also a support organization/function. Just because they are closer to the sun (the CIO) does not mean that they are above everyone else.”**

— *Luc Verhelst*  
*CIO*  
*Landsbond der*  
*Christelijke*  
*Mutualiteiten*

## **CIOs use the office to strengthen IS**

The office of the CIO supports the CIO and IS leadership team; it does not compete with them.

The office is not effective when it is seen as the CIO’s personal staff or a group of distant “wise men” who set policy with no feel or experience in the field. When the office becomes the entourage of the CIO, it is quickly challenged as administrative, non-value-added overhead and cut from the budget of the “imperial CIO.”

CIOs often start implementation of the office of the CIO by reorganizing IS department groups into a single team structure. Because they are realigning resources, the budget impact should be limited. However, to be successful, the CIO must lead the office to deliver the benefits highlighted opposite.



## An office of the CIO offers potential benefits to the business and IS

| For the business   | For the CIO and IS leadership team  | For the IS organization  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• Increases the capacity of IT engagement with the business</li> <li>• Improves the quality of technical decisions and policies</li> <li>• Creates greater consistency of policies and direction across IS</li> <li>• Reduces duplication of capital and operating costs</li> </ul> | <ul style="list-style-type: none"> <li>• Increases the use of information and experience in decision making</li> <li>• Increases available time and attention on executive and leadership issues</li> <li>• Enhances ability to leverage deep expertise across the IS organization</li> <li>• Provides an opportunity for developing emerging IS leaders</li> </ul> | <ul style="list-style-type: none"> <li>• Improves coordination within the IS organization</li> <li>• Increases the availability of subject-matter expertise</li> <li>• Clarifies IS processes and policies</li> <li>• Enhances operational management</li> </ul> |

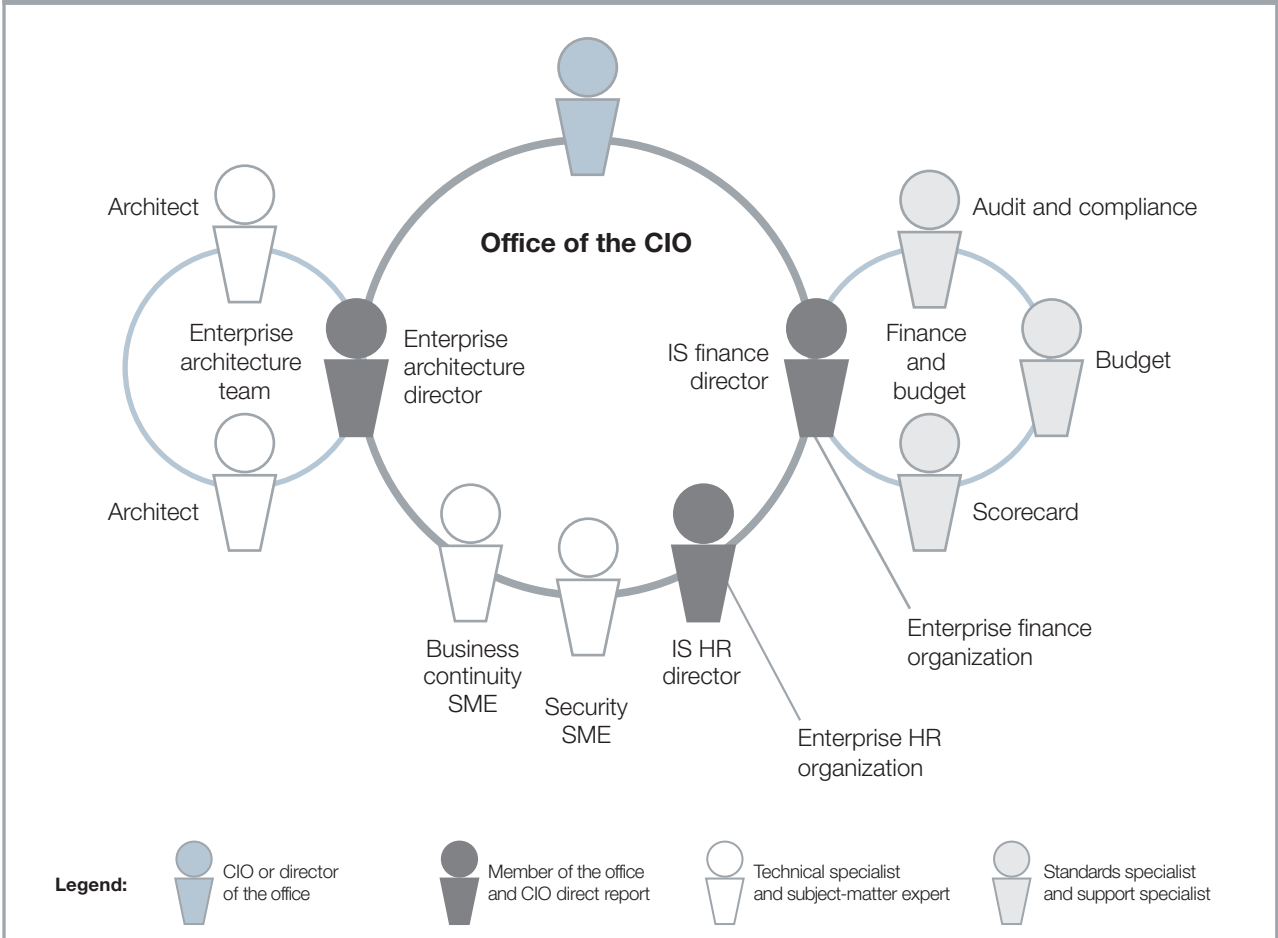
## **Roles within an office of the CIO reflect its enterprisewide focus and specialized position**

The roles found in the office of the CIO include:

- **Director**—in an office structure with fewer than six people, the CIO leads the office. However, the CIO appoints a director to run the office when it becomes larger. The director is the most senior and experienced member of the office of the CIO. Either the CTO or de facto “deputy” CIO can fulfill this role. CIOs can use the director position to recognize up-and-coming IS leaders.
- **CIO direct reports**—personnel with management responsibility within IS. The office avoids duplicating the IS leadership team by including only the CIO’s direct reports who are able to think and work across IS in order to make a contribution to the entire enterprise and not just within their scope of responsibility.
- **Technical specialists or subject-matter experts**, such as architects, security directors and IT strategists, who have competencies that cross IS departments and reporting structures. In larger offices, these subject-matter experts might have their own team (such as a three-person enterprise architecture team), or they may represent a direct report to the CIO.
- **Standards specialists**—who help create deliverables, policies and standards. Staff resources are often on a one-to-two-year rotating basis, serving in the office before assuming team leadership and other IS responsibilities. In these cases, an assignment in the office provides a development opportunity to build future leaders.
- **Support specialists**—finance, human resources, project management office, audit, communications and TQM functions are examples of core support functions reporting to the CIO, often housed in an office of the CIO.

Organizing support functions into a single office is often the genesis of the office of the CIO. However, offices containing mainly support functions are often challenged as administrative overhead.

## An office of the CIO includes teams and individuals



## The office of the CIO implements IS Lite principles

IS Lite envisioned the impact of outsourcing, process-based working, centers of excellence and business-unit computing on the IS organization. An office of the CIO is consistent with the principles associated with IS Lite. Establishing an office helps manage IS Lite competencies: a common set of IS policies, standards and architectures found in the multisourced environment often associated with IS Lite.

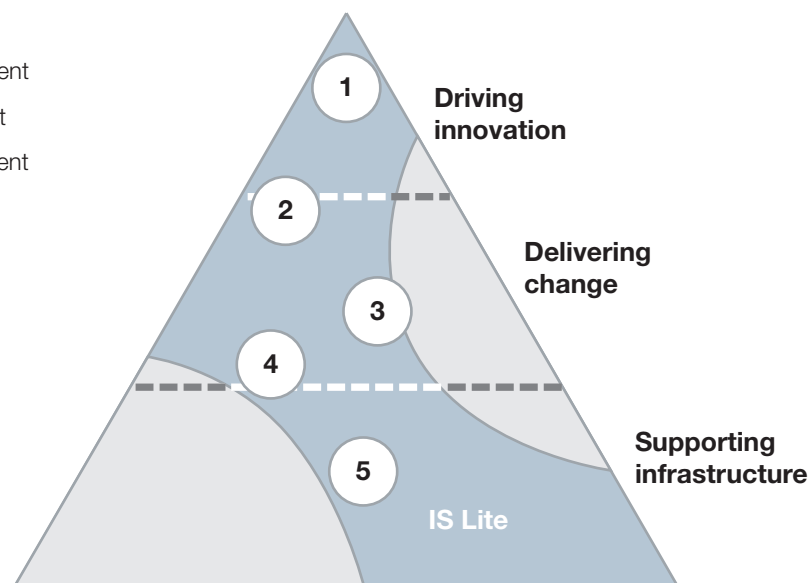
An office of the CIO also provides an organizational structure to build the competencies associated with IS Lite. This addresses a factor identified as a challenge to implementing IS Lite (see the September 2003 Gartner EXP Premier Report, *The Reality of IS Lite*).

CIOs use one of four office models to address their needs. These different models are the subject of the next section of this report.

### An office of the CIO organizes critical roles within IS Lite

#### Critical IS roles within IS Lite

1. IT leadership
2. Architecture development
3. Business enhancement
4. Technology advancement
5. Vendor management



## Case Study:

### Amerada Hess—Coordinating IS globally through an office of the CIO

*Amerada Hess Corporation is a leading global independent energy company engaged in the exploration and production of crude oil and natural gas, as well as in refining and marketing refined petroleum products, natural gas and electricity.*

IT at Hess is organized as a hybrid federated model with the majority of IT resources deployed to three areas: exploration and production, refining and marketing, and corporate. Each area has unique and different needs. Exploration and production is a capital-intensive business with large projects and high margins. Refining and marketing is a high-volume business with tight margins. These different business models make coordinating IS at the enterprise level a challenge.

Six years ago, Richard Ross, the corporate CIO, created a coordinating structure, called the IS leadership team (ISLT) to focus on collaboration and the coming use of shared IT assets, architectures and approaches. The team's goal is to create more coordinated use of IS resources to simplify operations, reduce costs and improve service. This approach reflects the reality that the majority of IS resources are deployed and controlled in the business divisions, so it's appropriate that very little is mandated from the center. Rather, the center's role becomes coordination and policy. The ISLT includes:

- The corporate CIO
- Director, exploration and production IS
- Director, refining and marketing IS
- Director, global infrastructure and operations
- Director, IS business support
- IS human resources—assigned to the IS organization from the corporate HR organization

Hess's hybrid office of the CIO is supported by the IS business support team. The group first amalgamated the disparate IS administrative functions that were buried in the units and then evolved to provide a unified approach to administration of IS overall. The first three responsibilities below involve helping IS run itself like a business:

- Financial management of IS budgets and preparing the monthly IS scorecard
- Interfacing with corporate audit and addressing audit issues, including Sarbanes-Oxley and other regulatory requirements
- IS process improvement
- Using these capabilities to support internal IS account managers (relationship managers) who work with the business units providing business process improvement services

The ISLT meets formally every six weeks and uses consensus to reach decisions. Each meeting is held in a different geography to connect with local needs. The team has been successful in collaborating across business units to reduce IT expenditures by approximately US\$40 million per annum through standardization and simplification.

Archie Lightfoot, director of IS business support, says, "These results give IS the credibility required to sit at the table with the business managers and to compete for their business against outside organizations."

*Based on an interview with, and material from, Archie Lightfoot, director IS business support, Amerada Hess, June 2004.*

**Choose a model  
based on context  
and need**

**The challenges facing the CIO and IS organization drive the requirements for an office of the CIO. Four models of the office give CIOs options.**

## There are four office models

The office of the CIO reflects the issues and challenges facing the IS organization. CIOs apply the office concept in response to their specific context and challenges. The four models of the office (illustrated using case-study examples) follow:

- *A semiformal office* of the CIO is a named team, often without staff, whose members have operational responsibilities in addition to office duties. Membership is often fluid, including CIO direct reports and expertise from inside and outside IS. This model is a common starting point for more formal office structures.

Irwin Home Equity (in Section 1) and TRW Automotive (in this section) provide examples of this office model.

- *A collaborative office* is a formal team with limited resources addressing the issues that require a collaborative response. Members include the CIO's direct reports and subject-matter experts, and can include outside experts as needed. This office model, often found in medium-size enterprises, can be given a highly focused scope.

Examples include Abbey, Absa Group (in Section 1) and GlobalCo, a company that wishes to remain anonymous (in this section).

- *A coordinating office* is a formal, full-time team located at the enterprise level. The enterprise CIO uses the office to work with business-unit CIOs on enterprise IS issues. The office may be the only enterprisewide IS resource. This office structure is found mostly in enterprises with decentralized IS and high business-unit autonomy.

Examples include Amerada Hess (in Section 2), Tyco Fire & Security (in this section), the Victorian Department of the Premier and Cabinet, and the Naval Air Systems Command.

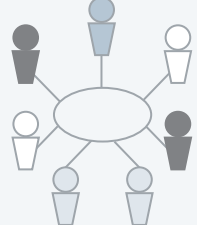
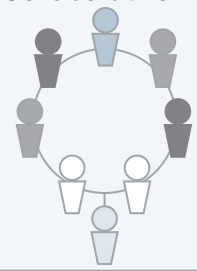
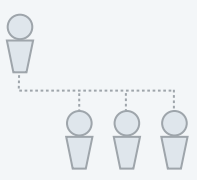
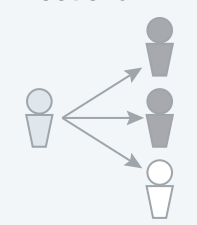

- *A directional office* is a formal, full-time team with operational responsibilities. Members are “deputized” to act on behalf of the CIO, and represent the CIO at internal meetings and the IS organization at external meetings. This model exists in larger IS organizations.

Examples of this model include Toyota Motor Sales USA (in Section 2); Landsbond der Christelijke Mutualiteiten (in this section) and the Banco de España.

The table opposite recaps the strengths and challenges of these different models.



## There are four types of office of the CIO

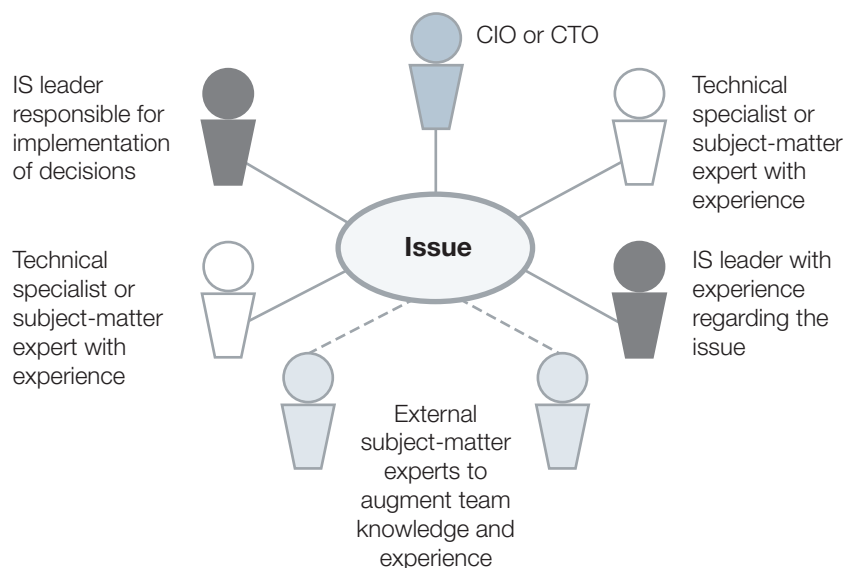
| Type of office   | Strengths  | Challenges   |
|--|--|--|
| <b>Semiformal</b><br>     | <ul style="list-style-type: none"> <li>• Flexible and responsive, as membership adjusts in response to the issue</li> <li>• Costs less to establish and operate</li> <li>• Provides a vehicle to extend CIO thinking without threatening CIO direct reports</li> </ul>   | <ul style="list-style-type: none"> <li>• Avoiding ad hoc responses that address the issue but undermine IS architecture and direction</li> <li>• Avoiding becoming a clique that limits debate and creates “group think”</li> <li>• Needing to reconstitute and regroup the group every time it meets</li> <li>• Relying on outside experts</li> </ul> |
| <b>Collaborative</b><br> | <ul style="list-style-type: none"> <li>• Extends the CIO’s thinking by bringing in multiple points of view</li> <li>• Has a bias toward action, as the group has staff support and a standing mission</li> <li>• Recognizes the need for an integrated response on office issues</li> <li>• Provides an incubator for emerging IS leadership talent</li> </ul> | <ul style="list-style-type: none"> <li>• CIO playing a “first among equals” role</li> <li>• Managing tension between the office and the CIO’s direct reports</li> <li>• Avoiding becoming a clique that alienates the rest of the IS leadership and organization</li> </ul>  |
| <b>Coordinating</b><br> | <ul style="list-style-type: none"> <li>• Provides a mechanism for greater coordination on major IT decisions across the business units</li> <li>• Respects business-unit autonomy</li> <li>• Enables the enterprise to gain some of the benefits of IS centralization</li> <li>• Provides an incubator for emerging IS leadership talent</li> </ul>            | <ul style="list-style-type: none"> <li>• Operating/influencing without direct accountabilities at the operational level</li> <li>• Making the enterprise/coordinated choice the path of least resistance</li> <li>• Funding and staff support</li> <li>• Avoiding becoming viewed as administrative overhead</li> </ul>                                |
| <b>Directional</b><br>  | <ul style="list-style-type: none"> <li>• Provides CIO with more time to engage the business</li> <li>• Matches similar structures of other CxOs</li> <li>• Engages a broader set of functions, decisions and issues</li> <li>• Reduces time of decision making</li> </ul>  | <ul style="list-style-type: none"> <li>• Maintaining a consistent point of view between the CIO and members of the office</li> <li>• Guarding against creating a layer of administrative overhead</li> <li>• Managing tension between the office and the CIO’s direct reports</li> </ul>   |
|                        |  |  |

## A semiformal office of the CIO provides a flexible tool for responding to IT issues

Business continuity, security, compliance and other issues face every IS organization regardless of its size. These issues can swamp the CIO's attention and calendar. Some CIOs use a semiformal office of the CIO to gain access to broader thinking and team collaboration.

A semiformal office may be a place to start. It provides the CIO with ready access to collaborative and innovative thinking from across the IS organization. But while the semiformal office is agile, "forming-brainstorming-and-norming," it does not have the size or structure to follow through. CIOs looking to gain the collaborative advantages of a semiformal structure with a greater capacity for follow-through look to more formal office structures.

### A semiformal office of the CIO often forms around specific issues or challenges



## Case Study:

### TRW Automotive—Integrating a semiformal office into IS leadership

*Among the world's 10 largest automotive suppliers, TRW Automotive is the leader in automotive safety and developing and producing the industry's widest variety of active and passive safety systems.*

Joe Drouin, the CIO, has seen the effects of an office of the CIO as a business-unit IT leader and now as corporate CIO for TRW Automotive.

Drouin describes his experience working with a corporate administrative-oriented office of the CIO: "The former TRW Inc. had a corporate office of the CIO. As a business unit, we (TRW Automotive) received decisions from on high that didn't always make sense in our immediate business context. Because TRW was a multi-industry conglomerate, the corporate office did not always understand specific business issues or challenges in our industry."

When TRW Automotive became an independent company, Drouin considered how to lead an independent IS organization. The result is a semiformal office comprising Drouin and his direct reports,

"Each member of my leadership team has a primary role with operational responsibility for some area of the business," Drouin says. "In addition we all step away from our 'day jobs' to get involved in strategic IT planning." This ensures that Drouin and his team are in tune with the broad business challenges and specific IT issues.

Though his office of the CIO is semiformal, as part of Drouin's quarterly leadership meeting agenda, he describes, "We change gears when we put our 'office of the CIO' hats on, and things get more formal as we move into the IT governance session of each leadership meeting. We think and even act differently when we are focusing on long-range decisions, strategy and standards. We know that we are setting direction for the company."

The result has been clear, relevant standards, decisions and direction for the company's IT organization as it moves forward.

Drouin sees an added benefit to having a semiformal office. The company's strategic IT sessions are governed by a consensus process represented by virtually all areas of the business around the world. Drouin is confident that input into the decision-making process is relevant to the success of TRW Automotive's business and that the decisions will stick. "We all agree walking out of the meetings that these are the things that are important to our company's success, and we're all committed to making them happen."

*Based on an interview with, and material from, Joe Drouin, CIO, TRW Automotive, June 2004.*

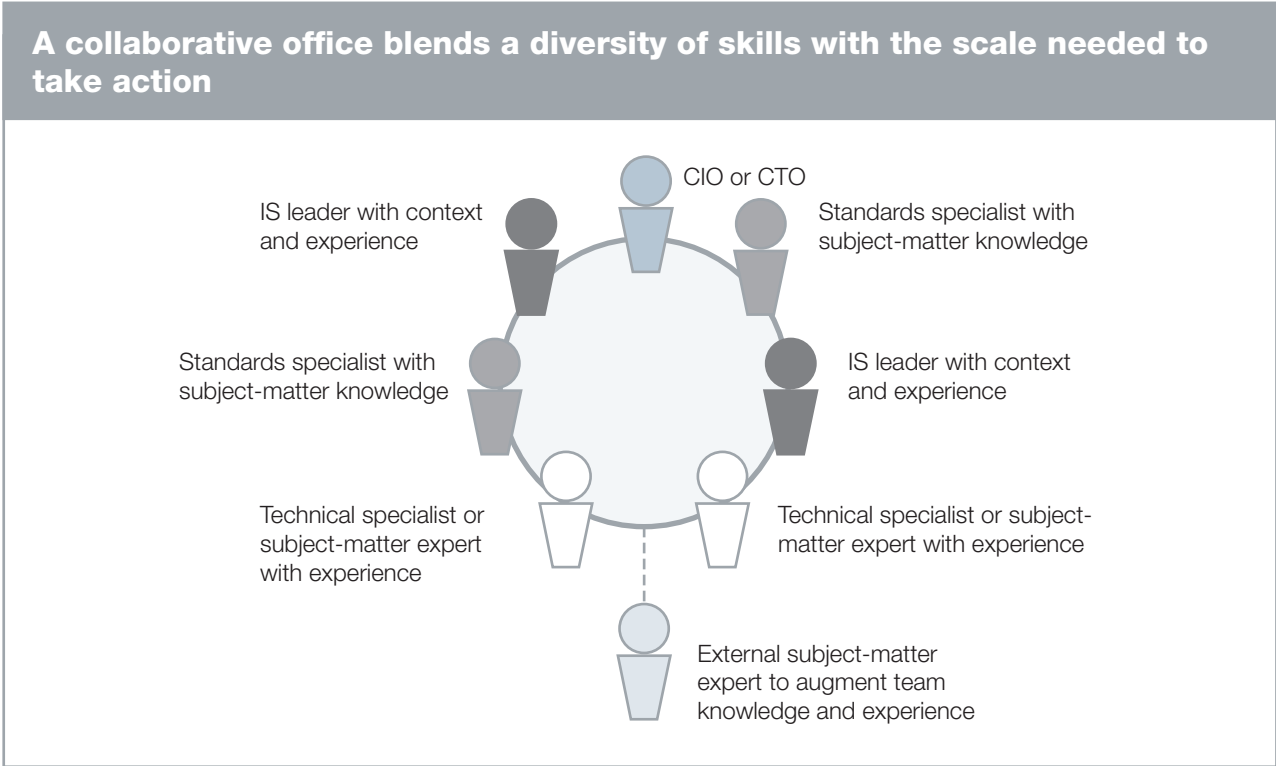
**“The office of the CIO can be a catalyst for bringing IT together. It can do this without being interventionist from the center.”**

— *Patrick Hannan*  
*CIO*  
*Victorian Department of the Premier and Cabinet*

## **A collaborative office of the CIO provides agility to address issues, and resources to follow them through**

A collaborative office shares many semiformal office characteristics with one major exception: dedicated resources. A collaborative model invests in the resources to make and implement its decisions. CIOs using this model concentrate on results and specific issues to keep the office lean and meaningful.

To balance collaboration with concentrated resources, this model often focuses on defined issues and responsibilities. In fact, the three collaborative-office case examples exist in IS organizations using a central IS services-based model.



## Case Study:

### GlobalCo—Using an office of the CIO to lead a global IT organization

A large international enterprise has decided to create a new business unit to manage all its service delivery (SD) activities. This model is similar to an outsourcing approach, but the business unit is maintained as part of the group.

This SD business unit is managed by the CIO and delivers operations services for 15 companies. It comprises 2,000 people spread over six countries, and includes operations, support functions, client relationship managers and IT staff.

There are 400 IT staff supporting technology transformation, security and internal information systems.

The SD unit is based on the Information Technology Infrastructure Library (ITIL) model. In applying ITIL, the CIO noticed that it did not provide enough support for internal IT management. He created a global CIO organization to provide that support.

Within this organization there is an office of the CIO with 12 people, or 0.6 percent of the total SD workforce, who are responsible for coordinating and directly supporting the CIO. This office includes:

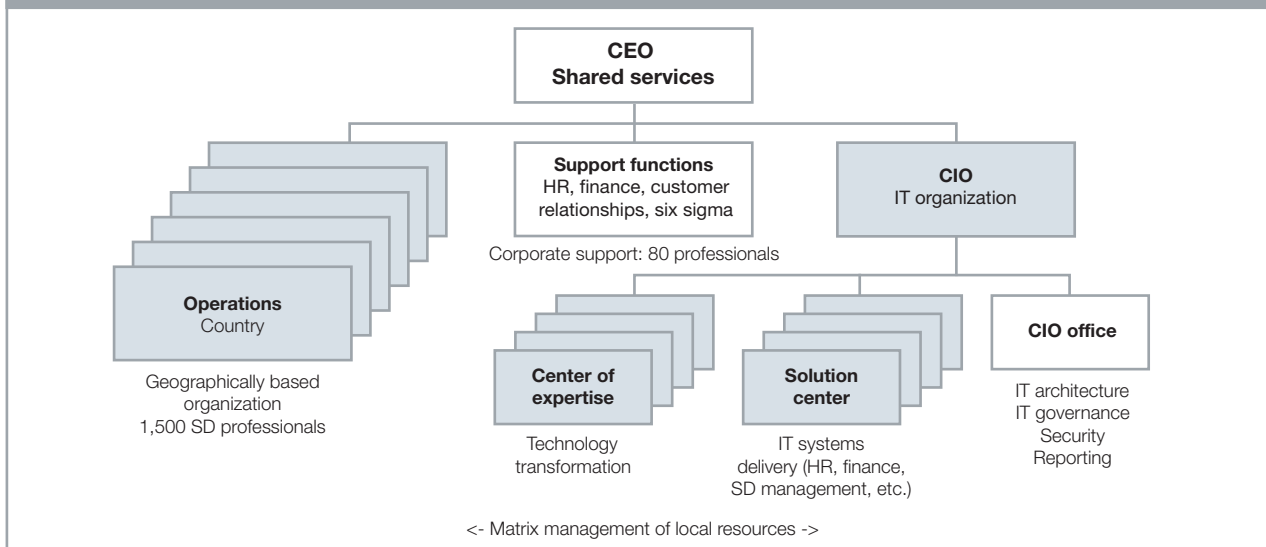
- CIO support services, comprising three people with responsibility for technology watch, creating proofs of concept, and research and development interface with key partners
- Security policy, supported by four people who set security policy and rules and handle crisis management
- IT architecture, comprising three architects
- IT governance, comprising two people for KPIs and dashboard, demand planning and change management

Since the company has established this SD unit, collaboration across the geographic units has reduced service delivery costs by 19 percent—saving US\$150 million out of an overall service delivery budget of US\$800 million.

The shared-services unit is now changing its focus from being technology driven to supporting business processes. The office of the CIO is expected to play an important role in coordinating that transformation.

*Based on an interview with, and material from, the CIO, GlobalCo, September 2004.*

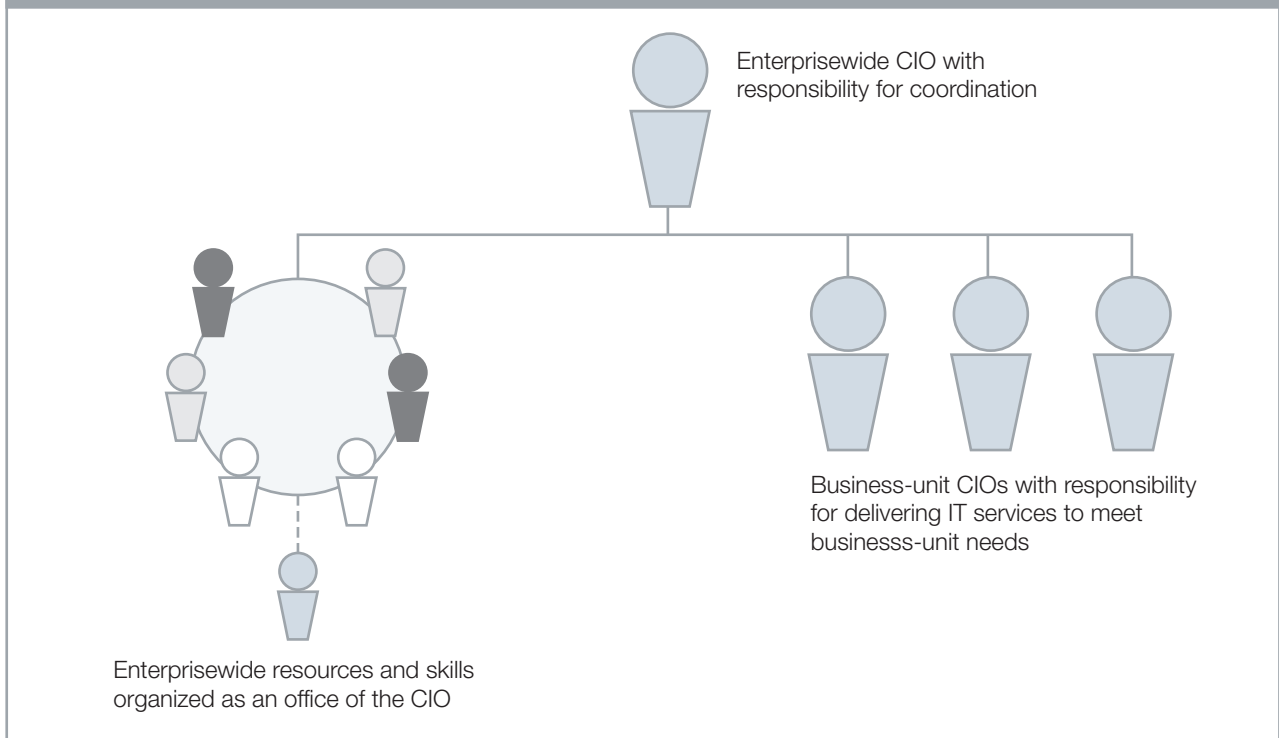
### A shared-services unit uses a CIO office to collaborate across its global organization



## A coordinating office of the CIO connects IS across business units

Many enterprises operate a federated IT model with responsibilities distributed between a corporate CIO and individual business-unit CIOs. The office of the CIO can play a coordinating role in these situations, delivering an enterprisewide focus while enabling business-unit agility. But this requires striking a balance between enterprise needs and business-unit requirements.

### A coordinating office of the CIO creates a forum for addressing corporate and business-unit needs



## Case Study:

### Tyco Fire & Security—Using the office to help run IS like a business

*Tyco Fire & Security (TF&S) is a multi-business-unit organization comprising eight major businesses. It has US\$11 billion in annual sales and more than 90,000 employees.*

TF&S's strategy calls for organic growth and integration of the IT strategies of its major businesses. The company's IT management is distributed. There are 1,200 IT people across the business units, and there is considerable business-unit autonomy. CIO Ina Kamenz is responsible for global IT strategy and how it gets implemented. The goal is to get strategic alignment across the business units, as well as across the geographies within the business units. She works with the business-unit IT staffs, where there has been limited collaboration in the past.

Kamenz is establishing an office of the CIO to help her improve management controls and run IT like a business. The office will hold between five and seven people covering the following roles:

- Vendor management
- Program management office
- Strategic planning and management
- Communications, HR and finance, which will be staffed through a matrixed relationship with other segment organizations

The office is at the segment level providing resources and guidance to the business-unit CIOs. From Kamenz's perspective, the office allows her to engage multiple business units at the same time rather than sequentially, as members can stand in for her as the CIO. In this way, the office will support greater collaboration across IT, as it provides a venue for working together.

#### **Building the office of the CIO**

Kamenz is showing the value of the office of the CIO as a tool to get collaboration and leverage of IT across the business units, a key element of the Tyco corporate strategy. However, building the office of the CIO is a challenge in a culture of business-unit autonomy and independence. Kamenz describes the situation this way: "For years our businesses have operated individually. Today, our challenge is to deliver results in 'One Tyco' initiatives for enhanced services and improved controls while maintaining the business priorities of our industry-leading brands, products and services."

Senior management is supportive but curious about the office and how it will work. This influenced Kamenz's approach. Rather than make an announcement and a big bang, her approach calls for consistent progress and a lower profile. The goal is to build demand for the office based on the skills and abilities of the people in it and the value from better coordination. This makes selecting the right people critical to success.

The people in the office need to be executive-level leaders and influencers; they cannot be yeoman workers focused on individual tasks. They need to know how the individual pieces fit into the whole. They are CIO representatives who have responsibility for carrying the messages forward in the organization. This means that the office must recruit the right people as it moves forward, since people are so critical to collaboration.

*Based on an interview with, and material from, Ina Kamenz, CIO, Tyco Fire & Security, July 2004.*

**“The office of the CIO is my toolkit for evolving the IS organization through stages of increasing maturity. It’s my change management posse.”**

—*Barbra Cooper*  
Group vice president  
CIO  
Toyota Motor Sales USA

## **A directional office of the CIO extends the CIO’s leadership reach**

CIOs deploy a directional office of the CIO to gain the most leverage of their time and attention. At Landsbond der Christelijke Mutualiteiten (see following page) the CIO established management infrastructures to support shared processes and responsibilities that cut across the IS organization.

### **The CIO is the lead collaborator in the office of the CIO**

In both the semiformal and collaborative structures, the CIO is the “first among equals.”

CIOs who work in an office of the CIO report that they act differently to give their team the room to collaborate and consider new ideas. “When you work with the office, you need a different perspective. If you keep the IS leader perspective, then people will behave as your direct reports and you will lose their insight, energy and ideas,” notes Bill Packer, CIO of Irwin Home Equity.

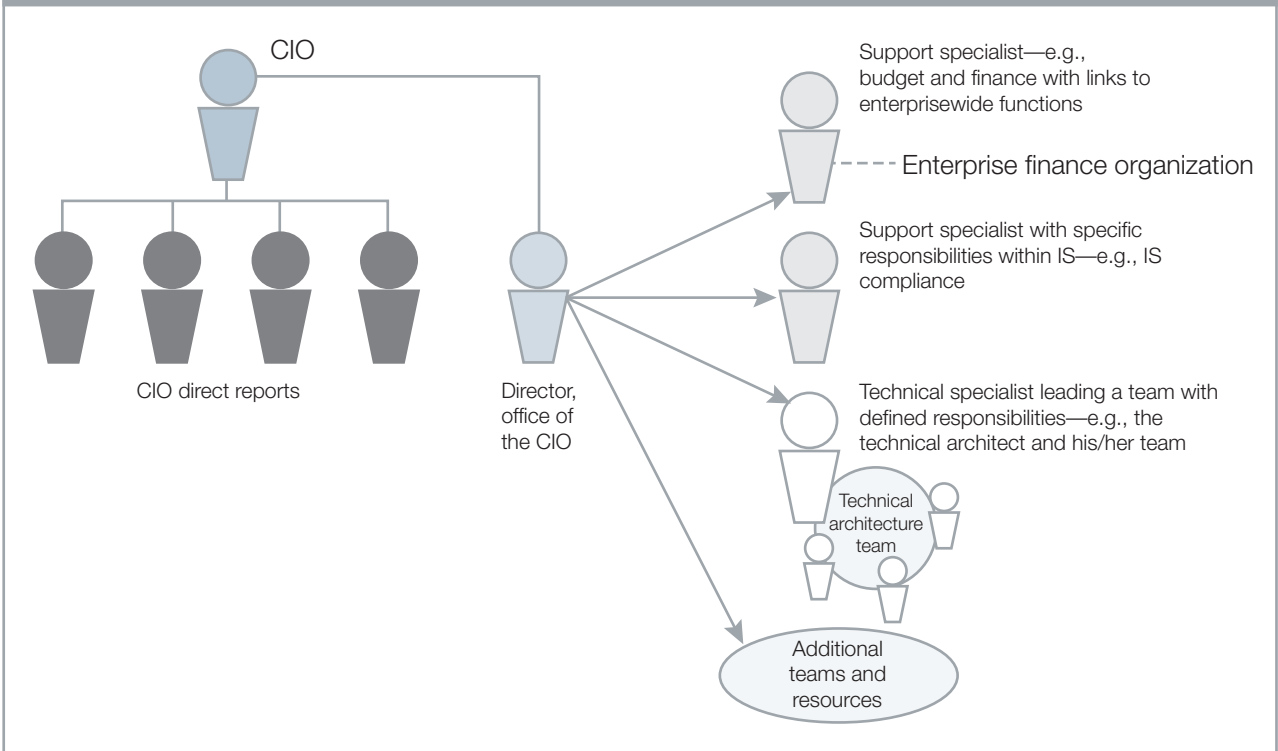
Some suggested actions for achieving collaboration:

- Cultivate an enterprise view rather than a departmental view, and encourage people to think outside their reporting relationship.
- Ensure that the right people are at the meeting and that they are properly prepared (just because the office is less structured does not mean its work is less important).
- Require use of data in formulating decisions and actions, especially when deploying new policies and standards.
- Foster open debate and divergent thinking during diagnosis and structuring to bring out all the options.
- Indicate when debate has reached the point of decreasing returns and a decision is needed, so the team can produce results.
- Encourage critical thinking during decision making, and convergent thinking to reach a solution.

The office of the CIO is an extension of the CIO, and getting the most out of this team reflects positively on the CIO as leader and on the quality of IS decisions.



## A directional office provides the scope and scale to leverage CIO leadership activities



## Case Study:

### **Landsbond der Christelijke Mutualiteiten (LCM)—Using the office to direct IS and business change**

LCM is the largest health insurance company in Belgium. It operates as a decentralized business with each of the 25 business units having a large degree of financial, budget and product autonomy. But Luc Verhelst, CIO, runs a centralized IS organization with a staff of 250, a budget of \$US48 million and supporting 5,000 users. Verhelst is also a member of LCM's executive board.

When Verhelst arrived at LCM, he had 13 managers reporting to him: far too many direct reports to concentrate and engage the business. Over the past two years he has established LCM's office of the CIO to gain greater control over IS and facilitate its evolution from a functional to a services organizational structure. The move to IT services is part of an LCM initiative to increase its operational efficiency and excellence.

#### **LCM's directional office of the CIO**

The office of the CIO comprises 12 people in the following areas: financial control services, IS and IT strategy, change management, human resources, management and control. The budget for the office of the CIO is less than 5 percent of the total IT budget.

The office is managing the transition to established standards and defined IT services. The evolution requires focusing on defining IT services and processes, especially core processes such as IT strategy, architecture, human resources and financial management.

The office successfully enabled Verhelst to concentrate more on the business and external relationships. "The members of the office of the CIO are the go-betweens to resolve management issues so that I can focus on strategy," he says. That role creates space between Verhelst and the operational decisions the office makes, which allows him to work directly with peers, where he can be a better advocate for IS.

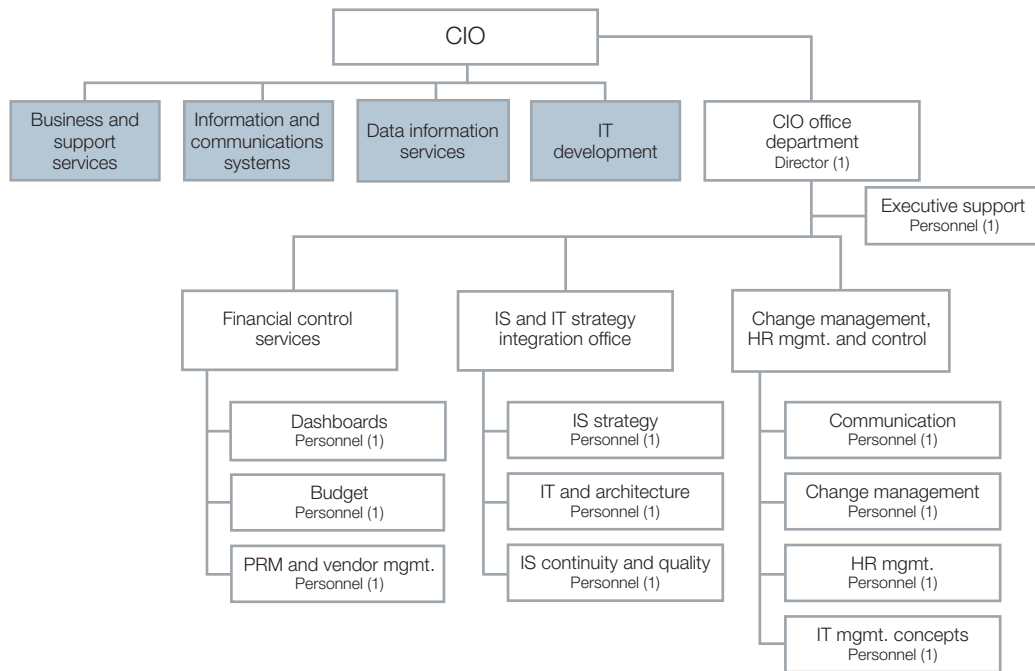
The office of the CIO is generating results, but there's room for improvement because getting the right people into the office can be challenging. They need to be highly qualified and experienced because they represent the CIO and IS. People with these skills are also needed to handle operational challenges. Therefore, Verhelst is blending the staff; some are experienced people, and others are emerging IS leaders. All stay in the office for only one or two years.

#### **From directing IT to coordinating the enterprise**

Verhelst wants his office of the CIO to become part of an IT operations board together with the heads of the four operational IT departments. The next step in improving LCM's operational excellence and performance is to consolidate core IT systems and infrastructures among the 25 business units.

*Based on an interview with, and material from, Luc Verhelst, CIO, Landsbond der Christelijke Mutualiteiten, July 2004.*

## The office of the CIO at LCM is an extension of the CIO



**You have many of  
the parts—You can  
start now**

**An office of the CIO is an evolution of the IS organization toward agility and performance. Many resources, skills and responsibilities may already exist in your organization. Implementing an office involves redeploying current resources and selectively hiring where required.**

## Determine your need for an office of the CIO

Not every IS organization needs an office of the CIO because existing structures may be doing the job. Do you have the management capacity to address the forces you face? If there are too many demands on your time and attention, then you need to consider the type of support needed. Use the assessment tool opposite (top) to evaluate your situation.

## Select a model that fits your context and needs

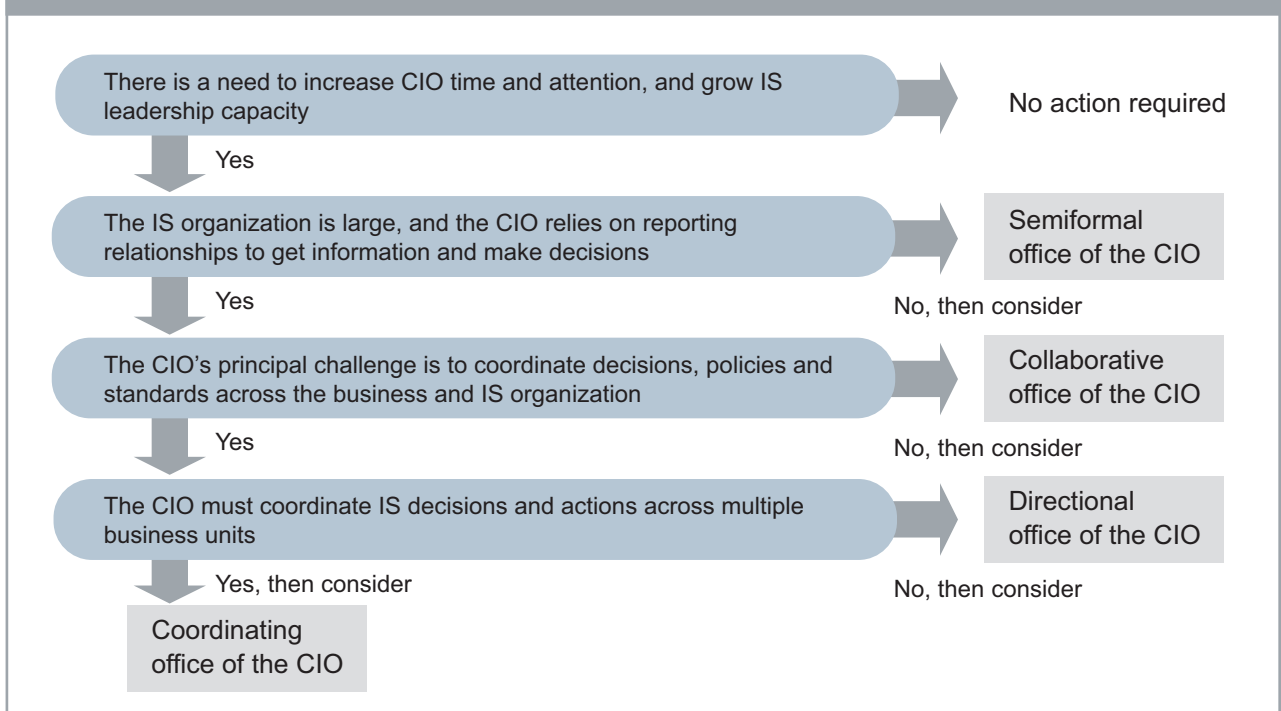
The case-study examples illustrate different office structures. Fit an office model to your needs by selecting a structure using the decision tree opposite (bottom). Once you have selected a model, tailor it based on the experiences from the case studies and the following rules of thumb:

- The office should contain the core responsibilities that cut across the IS organization and for which the enterprise needs IS participation.
- Concentrate on adding expertise rather than administrative capacity that might appear as overhead and reduce the attractiveness of the office to your people. Communicate responsibilities in terms of policy, standards or decision outcomes, because these are the source of the office's value and influence.
- For an office with an assigned staff, office size should range between 0.5 percent to 5 percent of the total IS workforce. Overall, a collaborative or semiformal office should contain no more than 12 people. Recognize that individuals in smaller offices may have responsibility for more than one process.
- The office of the CIO should be part of the IT governance structure and integrated with other governance mechanisms, such as the IS leadership team, IT steering committee and IT investment committee. The office should have well-defined decision or input rights to all major IT decisions.
- Integrate and communicate the office structure with the IS leadership team. Ensure that IS leaders understand the role of the office and how it complements and supports them, rather than competes with them.

## CIOs determine the need for an office based on internal and external factors

|  | Not sure | Strongly disagree | Neutral | Agree | Strongly agree |
|--|----------|-------------------|---------|-------|----------------|
| As CIO, you feel that you are ahead of issues and are effective as both a business executive and a technology leader   | 1        | 2                 | 3       | 4     | 5              |
| As CIO, you are working with CxO peers and the business to build strong relationships, align strategies and gain resources   | 1        | 2                 | 3       | 4     | 5              |
| As CIO, you are well prepared and contribute in major business leadership and IS leadership meetings   | 1        | 2                 | 3       | 4     | 5              |
| As CIO, you are able to answer questions about the IS organization, its projects, its issues, and policy decisions such as security, risk management and compliance  | 1        | 2                 | 3       | 4     | 5              |
| As CIO, you understand and engage the enterprise on compliance, internal controls, business continuity and audit issues  | 1        | 2                 | 3       | 4     | 5              |
| There are coordinated responses across the enterprise to address core issues of security, business continuity, risk management and IT strategy   | 1        | 2                 | 3       | 4     | 5              |
| As CIO, you are actively strengthening the IS leadership team by building the next generation of leaders   | 1        | 2                 | 3       | 4     | 5              |
| <b>27 – 35 =</b> Office may not be required; consider it as a tool to build on current strengths<br><b>18 – 26 =</b> Assess the need for an office to extend your thinking<br><b>7 – 17 =</b> Assess the need for an office to increase coordination in IS |          |                   |         |       |                |

## CIOs select the right model based on their situation and needs



# 4

**“Think of the people in the office as ‘proto-CIOs’ or ‘near CIOs’ because they are representing you and all of IS.”**

—*Ina Kamenz*  
*CIO*  
*Tyco Fire & Security*

## **Staff the office of the CIO with the right people**

The right people make all the difference because they must be able to represent the CIO and IS in business and IS meetings. CIOs with an office of the CIO take great care in selecting members of the office.

In some cases CIOs delay adding responsibilities until they find the right person because the cost in time and attention of recovering from poor performance far outweighs the benefit of hiring quickly. Those in the office represent you to others, and they shoulder your responsibilities.

Given these responsibilities, an office of the CIO is a unique team structure. It tends to have more subject-matter experts than other teams and a higher average payroll cost because of its senior people who have in-demand skills. The characteristics of successful candidates in an office of the CIO are shown in the figure opposite.

### **Building future leaders**

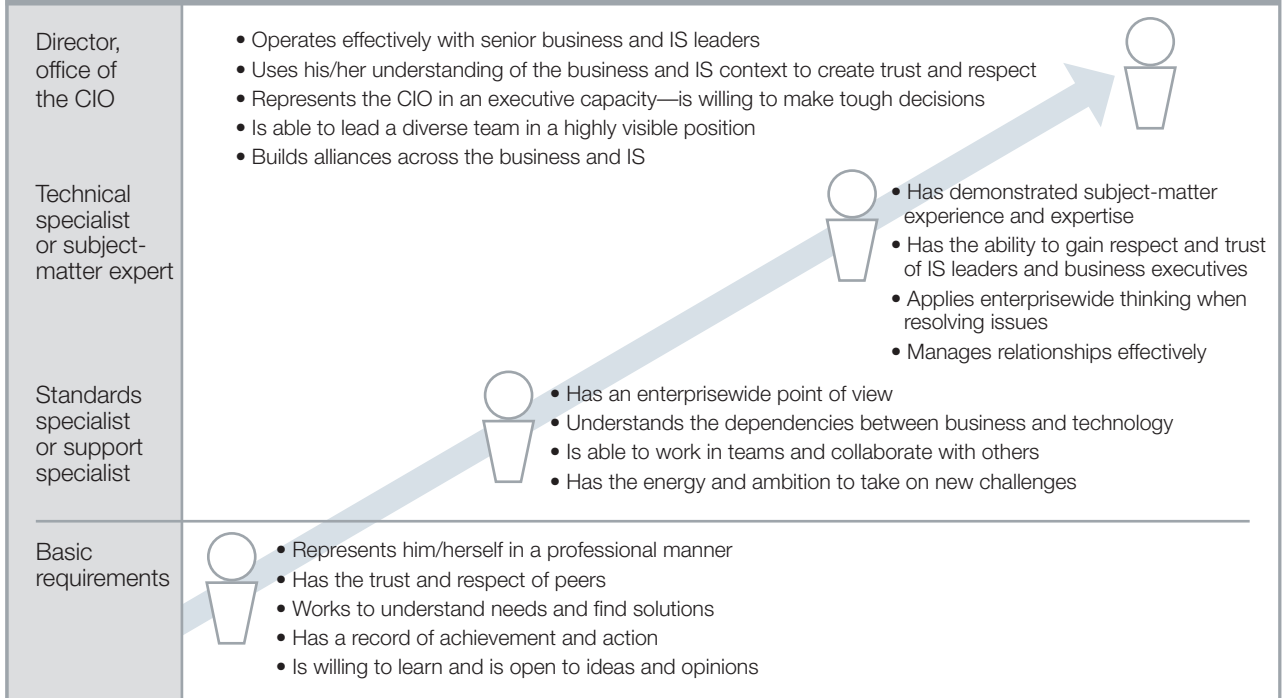
An office of the CIO can be used to develop the next generation of IS leaders. In several case-study examples, the CIOs are doing just that. They establish a rotation for high-potential personnel early in their career, place them in the office for a year or two to give them a crossfunctional perspective, then give them a leadership role in IS. This in-house development benefits these promising staff by:

- Increasing exposure to senior management and the issues they face
- Building familiarity, experience and trust with the IS leadership team
- Expanding their skills prior to assuming an IS leadership role
- Demonstrating relationship-management skills with the business and across IS

Nine out of 10 CIOs responding to the 2004 Gartner EXP CIO Survey ranked developing leadership, business and behavioral competencies in the IS leadership team as the No.1 priority.



## An office of the CIO requires skills and experiences that build on one another



# 4

**“People in the office of the CIO need the overall context of objectives, direction, current state, pluses/minuses and the pulse of the company and its business units to do their job well.”**

— *Archie Lightfoot*  
*Director*  
*IS business support*  
*Amerada Hess*

## **Deploy resources for the office, including the governance for shared results**

A CIO’s main goals are to reach common decisions, which generally requires clear governance arrangements, facilitation (to bring diverse views to the table), communications (to deploy the decision) and follow-through (to implement the decision).

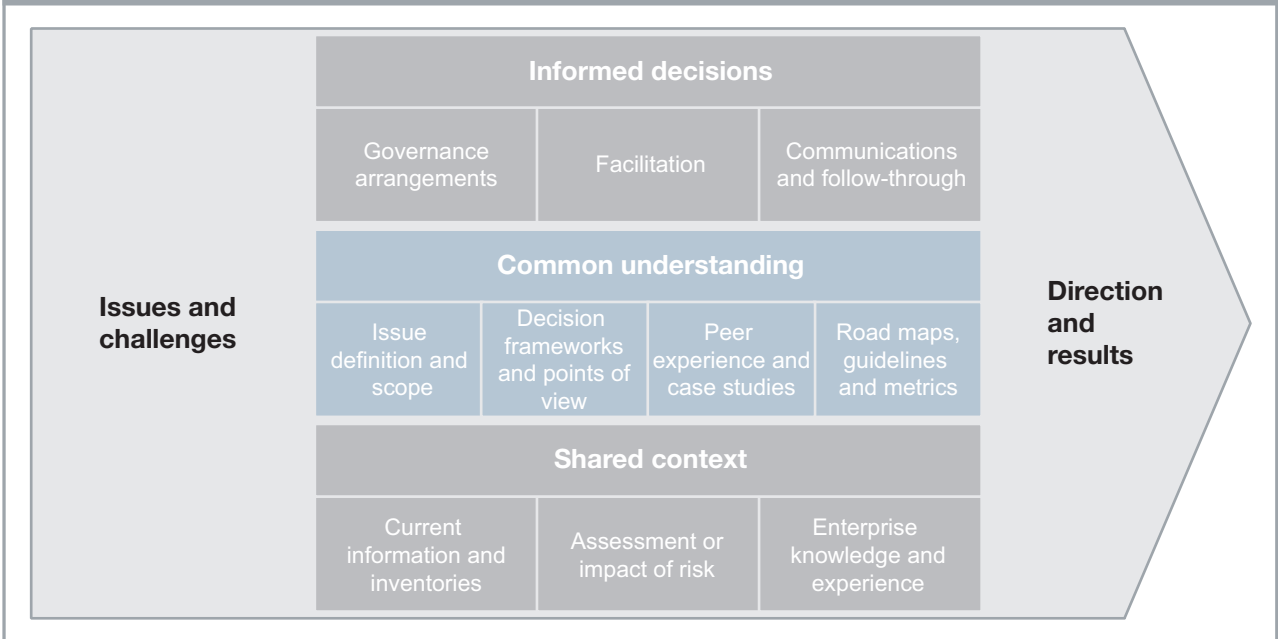
The environment for an office of the CIO must contain tools that build context and understanding to make decisions. Given the breadth and depth of issues handled by the office, it needs support similar to an analysis and design team rather than a steering committee. The characteristics of this environment are shown in the figure opposite.

### **The office of the CIO as an IT governance mechanism**

An office of the CIO is not the only governance mechanism for running the business of IT. It should complement other governance mechanisms, such as business relationship managers, executive councils and leadership teams.

It can be a mechanism for making governance decisions that only involve IT leaders. For example, the office can work in concert with IT leadership committees comprising IT leaders—one of the most effective forms of IT governance according to research from MIT/CISR and Gartner. In this form, the office of the CIO would be a governance mechanism for the domains of IT principles, IT infrastructure strategies and IT architecture in areas involving policy, architecture and standards.

**Shared direction and results develop from resources supporting the office of the CIO**



# 4

**“You do not need to ask for permission to set up an office of the CIO. It is a tool you need. If formally presented, people may consider this overhead or administration. Don’t make a big deal out of the structure; focus on the results it produces.”**

— *Ina Kamenz*  
*CIO*  
*Tyco Fire & Security*

## **Establish funding and deployment mechanisms to support the office**

Creating the office can involve redeploying existing resources. Depending on the model selected, the office may not require incremental funding, as many roles may already exist within IS. In other cases it may involve a few select hires, depending on the issues to be addressed. An example is hiring a compliance expert or an enterprise architect.

### **Manage incremental funding for the office**

Establishing an office is likely to require incremental funding for:

- Travel and lodging, if the IS organization is geographically dispersed or there is a need to travel when working with the business
- Tools, technology and facilities to support the office
- Services, such as access to subject-matter experts and consulting services for special projects, assessments and research
- Involvement of on-loan personnel from other functions, such as finance or human resources
- Additional funding to build skills and knowledge, particularly in areas where policy standards are poorly defined or evolving rapidly (i.e., compliance or business continuity)

Justify any incremental budget increase by the value of a coordinated response to core business and IS issues such as:

- Compliance with regulatory and audit requirements
- Strong internal IS controls
- Mitigation of risk (security, privacy or business continuity)
- Business continuity
- Standards for budgeting, hiring and other common IS processes

### **Establish mechanisms to deploy decisions**

The value of an office of the CIO rests on leveraging CIO time and attention. So the office needs to be able to make decisions and deploy those decisions across IS. To achieve this, the office needs:

- Clear governance in terms of established roles and responsibilities between the office of the CIO, the CIO, the IS leadership team and IS units
- A defined process for deploying decisions, new policies, standards and architectures
- Clearly defined criteria and measures associated with decisions and actions
- Communications to build awareness of changes, and support of IS units to gain understanding, competence and confidence regarding new standards or policies

Customer demands, business needs, collaboration requirements and technical complexity all threaten to reduce CIO effectiveness by monopolizing time and attention. Establishing an office of the CIO is one way to increase CIO time and attention. With its combination of a team-based approach, defined membership and flexible structure, the office of the CIO is an emerging trend. CIOs looking to make time to work with the business, lead the IS organization and manage their responsibilities should consider an office of the CIO.

# Further reading

## Gartner EXP reports

Blosch, M. and Woolfe, R., *Leading High Performance IS Teams*, Gartner EXP Premier Report, November 2002

Tucker, C. and Rowsell-Jones, A., *The New Shape of IS*, Gartner EXP Premier Report, September 2004

Tucker, C. and Woolfe, R., *The Reality of IS Lite*, Gartner EXP Premier Report, September 2003

Woolfe, R., *Lite and Flexible ... IS for Business*, Gartner EXP Club Report, July 2000

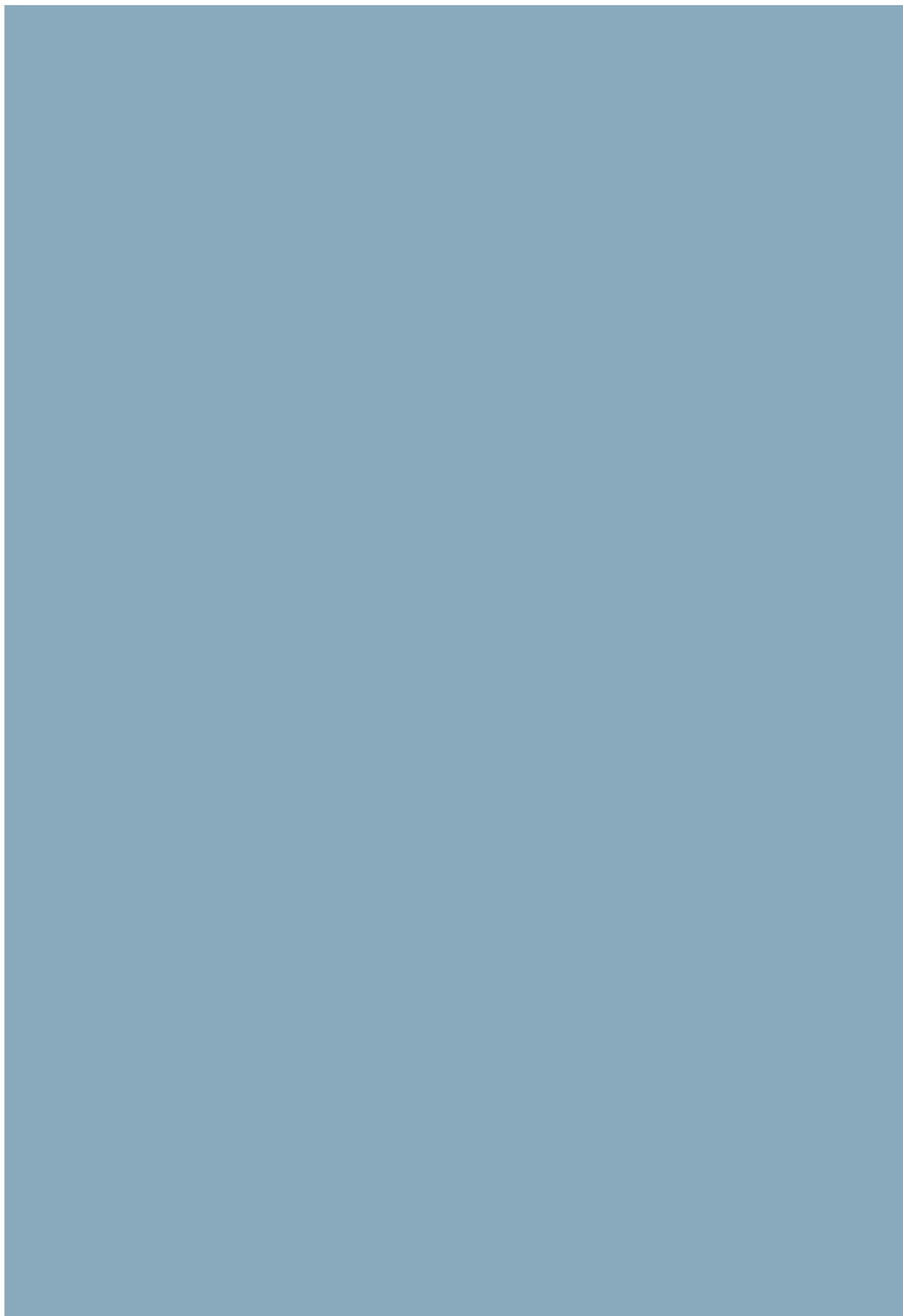
## Core research

Bell, M., "Leading and Managing in a Virtual Matrix Organization," Gartner Strategic Analysis Report R 22-1959, 11 March 2004

Mahoney, J., "The Office of the CIO: What Is It and Why Do You Need One?" Gartner Research Note TU-13-2996, 14 June 2001

## Additional case studies

Additional case studies are available on the microsite for this report on [gartner.com](http://gartner.com).



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## Gartner EXP Premier Reports

*The New Shape of IS*  
September 2004

*Improving the CEO's View of the CIO*  
July 2004

*Upgrading the IS Scorecard*  
May 2004

*Preparing for the Upswing: The 2004 CIO Agenda*  
March 2004

*Building Brilliant Business Cases*  
January 2004

*CIO Credibility: Proven Practices From the Public Sector*  
November 2003

*Geosourcing IS: Is It Right for You?*  
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*Chargeback—How Far Should You Go?*  
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*Drive Enterprise Effectiveness: The 2003 CIO Agenda*  
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*Effective IT Governance. By Design*  
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*Leading High Performance IS Teams*  
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*Getting Priorities Straight*  
September 2002

*IT Architecture Matters*  
July 2002

*September 11: Business Continuity Lessons*  
May 2002

*Keep Your Balance: The 2002 CIO Agenda*  
March 2002

*Sourcing—From Remedy to Strategy*  
December 2001