



The dynamics of CIO derailment: How CIOs come undone and how to avoid it

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KEYWORDS

Chief Information Officer;
Chief Digital Officer;
Digitization;
Executive derailment;
CIO turnover;
CIO success;
Digital leadership;
Digital transformation

Abstract With information technology (IT) becoming ever more ubiquitous and pervasive, the resulting deluge of data is driving a wave of digital disruption. No industry, it seems, is immune, and business performance is increasingly dependent on the effective use of IT and investments in technology that generate real business benefits. Yet research continues to report that most of these investments don't pay off as expected. Blame for such scenarios is normally placed at the feet of the Chief Information Officer (CIO). Some commentators have even suggested that it is now time to replace the CIO role with that of CDO (Chief Digital Officer). This line of thinking ignores the inherent organizational dynamics that lead to the derailment of the executive in charge of IT; merely changing the job title won't fix the problem. This article uses research conducted over the course of 8 years to illuminate reasons why CIO leaders are derailed, and what they and the CEO can do to avoid this outcome. Causes of derailment are presented in detail, and prescriptive advice is given for CIOs and CEOs alike regarding how to address causes of executive failure in leading the digital transformation of organizations.

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1. The digital leadership conundrum

Organizations are ever more dependent on information technology (IT), not only to run their businesses on a daily basis but also to stay competitive. This digitization drive, which began in the 1980s, has

accelerated over the last 10 years (Donahoe, Morgan, Muck, & Stewart, 2010) and is set to surge even more in the decades ahead.

At the forefront of this digitization push is the Chief Information Officer (CIO). As the executive responsible for leading the organization in its use of IT, the CIO is typically charged with achieving these digitization benefits (Ranganathan & Jha, 2008). But as IT spending has increased, so too has disappointment regarding its returns. Research reveals horrendous statistics for IT project failures, with some

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consistently reporting figures as high as 60% and 70% (Carlton, 2014; “The Chaos Manifesto,” 2013).

Blame for this dismal situation is usually placed at the feet of the CIO. Consequently, the involuntary turnover rate of CIOs is higher than that of other executives in the C-suite (Nash, 2009). Indeed, frustrated by the perceived inability of their CIOs to drive the digital agenda, some organizations are now either replacing them with Chief Digital Officers (CDOs) or hiring CDOs specifically to drive their digital initiatives (Suh, 2014; Woods, 2014). This practice only serves to demonstrate the naïveté within many management teams, which operate under the misguided belief that the digital realm is different than good old-fashioned IT. The irony is, when one reads the job specification for this role, it clearly mirrors what a CIO should be doing. Moreover, it is a pointer that many C-suites don’t acknowledge *their* role in safeguarding the success of digital initiatives and are happy to abdicate anything to do with IT to the CIO. While the technology may be new (e.g., social media, mobile, analytics), the non-technical challenges are the same.

Of course, incumbent CIOs may not be up to the job. This is clearly the situation in some cases, but is not the key reason why they can struggle with the digital agenda. What our research (see Appendix for more details) reveals is that even CDOs are likely to struggle to be effective unless they recognize the dynamics of derailment associated with the role. Derailment, or involuntary attrition, can be defined simply as not meeting the organization’s expectations.

While there are the personal attributes of leadership, there is also a subtle landscape to be navigated with respect to technology. We spoke with over 100 CIOs, CDOs, non-IT executives, and board members to better understand the causes of CIO derailment and determine what can be done to fix it. We also surveyed nearly 700 CIOs globally to better understand the challenges they face. What is clear is that the role of the CIO is complex and the causes of derailment no less so; however, in understanding this, CIOs and CEOs can actively manage these dynamics to increase their potential for success.

2. Causes of CIO derailment

In our research, we wanted to look beyond the more generic factors contributing to derailment (e.g., interpersonal frictions; poor tolerance for criticism; inability to learn, adapt, or think strategically; inability to lead and build a team) to identify those that are specific to the CIO role. We identified five particular causes: (1) misunderstanding the

transition, (2) ambiguity in defining IT success, (3) ambiguity in role expectations, (4) poor relationship management with peers, and (5) pushing change at the wrong pace.

2.1. Misunderstanding the transition

One of the common causes of derailment is CIOs misreading the type of transition situation they are entering and the associated expectations of both the CEO and the top management team. When hired, the serial CIO must recognize that not every transition is similar. In short, the CIO needs to understand why he/she has been hired. Consistent with prior executive research (Watkins, 2004), our research reveals that a newly appointed CIO experiences one of four types of transition: startup, turnaround, realignment, or success-sustaining.

- *Startup CIO Transition:* The CIO is charged with assembling the IT capabilities—people, processes, funding, and technology—to get a new IT organization off the ground.
- *Turnaround CIO Transition:* The newly appointed CIO takes on an IT organization that is in trouble and works to get it back on track. In this transition context, the perception of the top leadership team is that IT is not delivering expected business outcomes and the previous CIO is seen as having failed.
- *Realignment CIO Transition:* The new CIO is hired to revitalize an IT organization that is drifting into trouble. Prior to the CIO’s appointment, tensions were beginning to emerge, often due to a new reporting line for the CIO, changes in the makeup of the IT leadership team, or a new mandate for IT (e.g., a shift from cost minimization to a more strategic role). Given the new expectations, the existing IT organization is often characterized as ‘not fit for purpose.’
- *Success-sustaining CIO Transition.* The new CIO takes responsibility to preserve the vitality of a successful IT organization and expand it to the next level. The previous CIO was perceived as being successful and having performed well in the role and has either moved into a new role, moved to a new organization, or retired.

In our research, half of the turnaround transitions were the result of a strategic shift in IT vision by the CEO and an increasing digital focus. The other half were reported as IT-is-a-mess-now-fix-it type turnarounds. Even in these latter situations, the mess often resulted from a lack of commitment by top

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