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New CIOs: Why it's Important Not to Treat Your Honeymoon Like a Honeymoon - *How to Make Your First 100 Days Count*

By Tim Gallagher and Bruce Myers

Ah, the honeymoon: that brief period - say 100 days - when a new executive's constituents (e.g., bosses, customers, peers, et al.) are optimistic, patient and forgiving. As a new CIO, you might think your first 100 days are a perfect time to get your bearings, take it slow, avoid mistakes and begin to set your agenda.

Well, think again!

Today, the average tenure of a CIO is less than two years. If you go into your new CIO position with this old paradigm, chances are you'll wind up divorced from your company before the honeymoon is over. Don't think "Niagara Falls," think "hit the ground running." What's the best approach to doing that? Treat your first 100 days, not as a honeymoon, but as a *turnaround*. Use the first 100 days to act with a sense of resolve, even urgency. Based on more than a quarter century of experience working with companies and IT organizations in both turnaround and healthy situations, including performing interim CIO roles, here are a few tips for making sure your first 100 days are a running start rather than a slow break-in period.

Dig Up the Landmines

Nothing takes the bloom off the rose like being blindsided by a crisis. It would be a mistake to assume that those who interviewed you knew all the details of the goings-on within IT. You can count on there being issues that will require your immediate attention. The challenge is to uncover those landmines as quickly as possible.

Example: On his second day on the job, the new CIO at a specialty jewelry maker discovered that the fall selling season was about to start and that a major system upgrade scheduled for the weekend was going to fail. The system had not been tested and did not work, but was being put into production to meet the go-live date imposed by corporate executives. The entire fall selling season, and the entire year's profitability, was in jeopardy.

Use your first week as an opportunity to meet with as many of your IT

staff as possible. Ask them where the landmines are and get their suggested solutions. This is your first and best opportunity to demonstrate that you value people who surface problems and propose solutions, setting the right leadership tone for your entire tenure. In these discussions, also determine the state of IT security and of Sarbanes-Oxley compliance—issues that will be your undoing if not handled properly. Listen to *all* the input you get, and take swift action to *disarm* the landmines.

Conduct a Rapid IT and Business Review

With any immediate crises hopefully avoided, meet with each of your direct reports, one-on-one, for more in-depth reviews of their operations. Get their views of the key *business* and IT issues, the major complaints they hear, and the major improvements they believe IT can make in the operations. Ask for any ideas they have for improving the organization's IT effectiveness and efficiency. If possible, have these meetings in *their* offices and include a quick walking tour of their areas, meeting some of the staff. This "mingling with the troops" will go a long way toward building a motivated extended team. You probably won't be able to absorb more than a few hours worth of detail from each of your direct reports on this first pass, so limit it to that. Then, meet with as many of their direct reports as you can, again one-on-one, to get the same type of information.

Now you are ready to survey your key business customers. Rather than looking at it as a "survey," look at it as a critically important opportunity to demonstrate to this very important constituent group that you "get it." Get its views regarding the IT department's performance to date, asking about both strengths and weaknesses. Come prepared to listen, but also to offer up some new ideas regarding IT usage in their areas.

Example: The new CIO at an industrial products manufacturer came from a consumer products background. He introduced several customer profitability measurement ideas that IT could put in place relatively quickly to support key customer rationalization decisions. While the concepts weren't new from a consumer products industry standpoint, they were new for this industrial products company, and helped the new CIO gain instant credibility as a business peer with the executive team.

Along the way, begin to build the kind of personal rapport that will, among other things, allow you to uncover the "unofficial" organizational structures (and power bases) in the company. Have these conversations with senior leadership and you will begin to formulate your overall IT strategy as you get a sense of what is truly important to the business.

Finally, go back and meet with your own staff as a group, and share with

it what you've learned from your discussions with its IT customers. Conduct several sessions, and encourage open and frank discussions to get all the issues on the table. If your situation is like most we've seen, the truth will be somewhere between senior leadership's most pessimistic view and the IT executive's most optimistic view. You can use these sessions to help drive a consensus among your leadership team regarding the major areas of concentration and investment for IT going forward. These discussions will also help you identify the strongest players in your organization, and solidify your thinking regarding your overall IT strategic direction.

Overcommunicate

Having had all these conversations and taking the first step toward establishing relationships (formal and informal), maintaining regular communication is a must; this starts in your first week and continues for as long as you are in the position.

Communicating is a tactic for—

- Informing your stakeholders of progress, obstacles, and mistakes and plans to correct them.
- Managing expectations around actions and timing.
- Giving credit to IT team members as well as others in the organization.
- Ensuring the appropriate level of visibility, especially during those periods when things are going on but there is no outward sign of progress.

Think of communications broadly: the well-timed e-mail or voice-mail; a handwritten note on a progress report passed on to a business customer; and town hall meetings, conference calls and webcasts. While this is common sense, it can never be done enough.

Take a Triage Approach to IT Projects

As in a true turnaround situation, the successful new CIO today takes a triage approach to evaluating all current IT projects: rapidly determining which projects should be saved (or even accelerated) and which should be left on the stretcher. The good news: you already have a sense of the "worst cases" from interviews with the senior leadership and your staff.

Example: The new IT executive for a large wholesale distributor found that his applications development group was spending all its time on small maintenance projects. Individuals in the company were able to call the developers and get work done with virtually no approval or prioritization. He immediately instituted a process to capture and incorporate all requests into a master list. He established simple procedures to manage the list and brought the appropriate business

executives together to establish priorities. Even they were unaware of the demand being placed on the IT organization by this series of small, non-strategic requests. This new discipline focused development resources on high-impact projects that were in line with senior leadership's direction.

Strengthen the IT Team

Take an unemotional look at your IT staff; human resources is an area that is often an opportunity in disguise. It is human nature to avoid terminating marginal and even poor performers, but it will never be easier than when it is part of your top-to-bottom evaluation. Work with your direct reports in the process of rating everyone in the IT organization to identify marginal performers. By removing poor performers, you will gain instant credibility because the top performers know who the poor performers are; they have been wondering why management hasn't dealt with the issue.

Example: The new CIO for a global automotive supplier inherited an organization that was bloated with marginal performers whose skills were out-of-date. He immediately implemented a performance and skills review program that, over a 15-month period, reduced the IT organization headcount from 700 to 500. In the process, roughly one-third of the 500 remaining people were replaced. While the entire process took 15 months, the foundation was set during the first 100 days. The resulting organization had better performance and higher morale once the "dead wood" was removed.

Not every organization requires a realignment of this magnitude, but if you approach staffing objectively and with your strategic plan in mind, you will build a stronger organization in the long run.

After evaluating your staff, look at your overall organizational structure for changes that can improve effectiveness and efficiency. Again, consult your direct reports and key stakeholders regarding any reorganization ideas and be prepared to defend your logic to those who would protect organizational sacred cows.

Example: Take the case of the newly hired CIO of a national construction company brought in to establish a new IT strategic direction. He was the third CIO in three years, the previous two having been dismissed for non-performance. What he found were two separate factions in his organization that refused to work together after a major corporate merger three years before. Many of his direct reports were being protected by company executives; service was spotty and based on "who knew whom" within IT; and different legacy technologies were competing with each other.

The new CIO knew he had a very short time to correct these problems before he became the latest CIO casualty. He redesigned the IT organization along functional lines, consolidating the duplicate support and development groups into centers of excellence, and deliberately mixed personnel from the two legacy organizations. Working with each of these new organizational units, he established specific goals and metrics that reconnected them with the business and streamlined their internal processes to lower costs. The new structure enabled the CIO to eliminate the inward-looking IT focus and to shift the organization's view to longer-term goals (those for which he came to the company in the first place to accomplish), developing a truly innovative IT strategy.

Attack Your Budget

Be completely unemotional about your budget. Review each budget line item in the first month of your tenure to gain an understanding of the actual-versus-budget status and the causes of variances. In acute situations, you might need to take a "life-over-limb" approach; if you don't need it to survive, it's gone. In less acute situations, you should still evaluate all costs for ways to "beat the budget." Even if IT costs are not an immediate concern in your company, now is the time to establish yourself as someone with a hard eye for the numbers. Proactively reach out to your stakeholders, especially those who are not satisfied with IT's performance to discuss the baseline costs coupled with ideas to improve service. On the other hand, don't forget to identify areas of potential under spending on IT. Set expectations early with your stakeholders about spending increases that may have to be made.

Establish IT Metrics and Participatory IT Governance

With a baseline established for projects, budgets, staff and organization, you now need to agree on performance metrics with your key stakeholders and set up a process to track actual performance. You may find some metrics and measurement processes already in place, but don't expect it.

Example: An effective approach was used by the new CIO at a specialty chemical company who set up two two-hour sessions with key business executives. In preparation for the first session, he put together a straw-model IT scorecard that described three to five key metrics each in three overall categories: cost, service and people. He used the first session to discuss the straw model and to get input from the senior leaders regarding the measures they felt would best help them monitor IT effectiveness and efficiency. Based on the output from that session, he revised the straw model to reflect the recommended metrics and measurement process, which was finalized and formally adopted in the second session. This approach is a great way to get the business to buy in to the specific metrics that it will use to measure the IT organization.

A similar process can be used to set up the formal IT governance process. Involve senior leadership in designing the governance process for items that require business input and participation, such as the process for requesting IT services, setting IT priorities and developing the IT discretionary budget (i.e. that part of the budget that is above keeping the systems running). Use facilitated design sessions such as the ones described earlier to gain business input and agreement regarding those governance processes.

This type of approach to IT metrics and governance will help you build credibility and buy-in from the business, and will help improve the stability and predictability of IT services that should reassure your key stakeholders.

Establish a Strategic IT Direction

While you don't need to have a new, full-blown IT strategy within your first 100 days, you should have established your major strategic initiatives and have the support of key business executives for your direction. Then you can flesh out the entire IT strategy during the following months.

The best way to achieve this is to have your staff pull together all the IT strategy documents from the past three to five years.

Example: The CIO for an industrial conglomerate went through this. His staff summarized the major alternatives and components from these documents together with the key findings from his early business and IT interviews. He then developed a two-day strategic IT workshop where he had both his key IT leaders and the key senior leaders come together to review and discuss a straw-model strategy that his team had created. Through a series of breakout discussions they developed a consensus regarding the key IT initiatives that were required to support the business direction over the next two to three years.

Using this "quick and dirty" approach to establish your strategic IT direction during your first 100 days will help you set the direction for your organization; continue to build your credibility with the other corporate executives; and position you for success during your entire tenure as CIO.

So, as a new CIO, how will you spend your honeymoon: breaking in or breaking out? Will it involve breaking the IT department out of its mold, breaking outdated IT paradigms or breaking down old ways of doing business? Acting as if your first 100 days is a turnaround, rather than merely a turnover, will indeed increase the chances of your honeymoon

leading to a long, happy marriage.

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