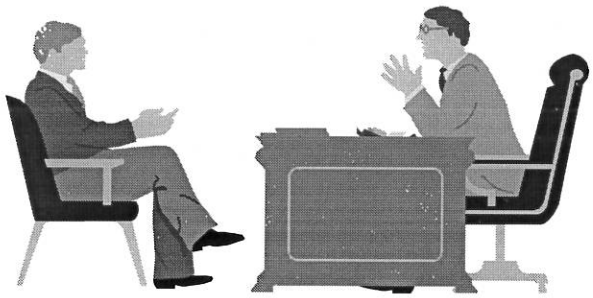
The Role of the Chief Executive in managing Information Technology

What has changed?

- Information technology has become ubiquitous and pervasive in the business arena.
- IT has a role to play in most aspects of the business.
- IT provides opportunities to achieve strategic advantage.
- IT investments increasingly represent the largest capital investment decision most CEO's will make.
- IT risks are becoming increasingly integrated with business risks.

CEOs have to take the responsibility for technology and not delegate excessively to CIOs or IT managers.

key Q = how much & how to manage IT.



CEO Seminar 1995

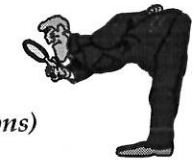
What do CEOs think about IT?

(based on limited survey results of 24 organisations)

√ IT is a strategic resource and an enabler of business strategy.

√ IT is an integral part of the business and as such investment decisions should be informed by business strategy.

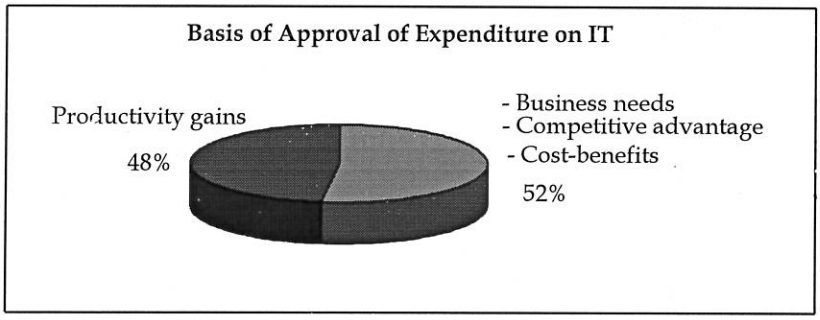
CEO Seminar 1995



What do CEOs think about IT?

(based on limited survey results of 24 organisations)

× IT investments are better focused towards productivity gains (incremental).

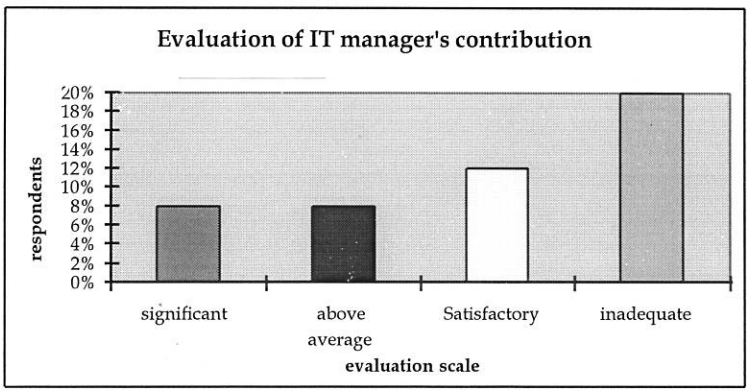


CEO Seminar 1995

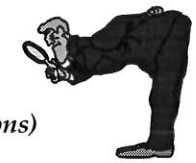
What do CEOs think about IT?

(based on limited survey results of 24 organisations)

× IT's contribution to business value is inadequate.



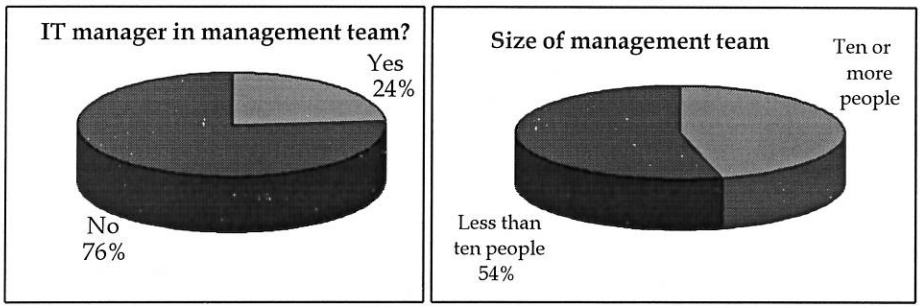
CEO Seminar 1995



What do CEOs think about IT?

(based on limited survey results of 24 organisations)

× IT managers are not useful contributors to business thinking and operations.

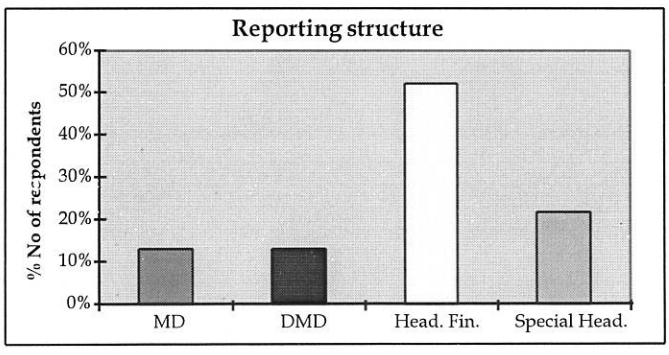


CEO Seminar 1995

What do CEOs think about IT?

(based on limited survey results of 24 organisations)

× IT managers are not useful contributors to business thinking and operations.

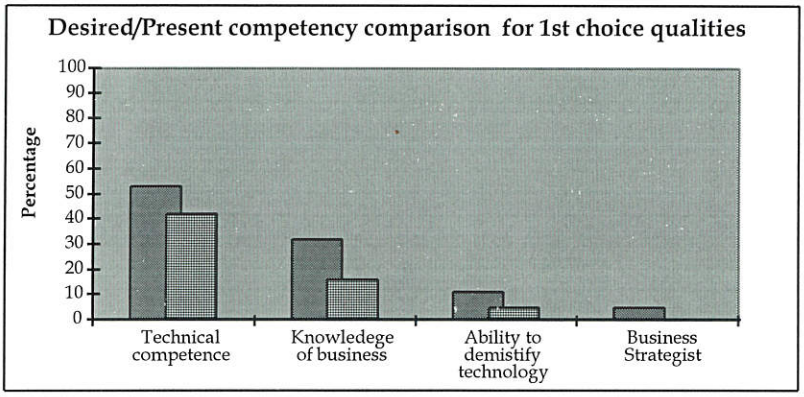


CEO Seminar 1995

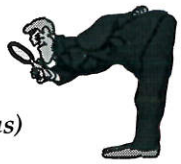
What do CEOs think about IT?

(based on limited survey results of 24 organisations)

× IT managers don't have the appropriate qualities to add value.



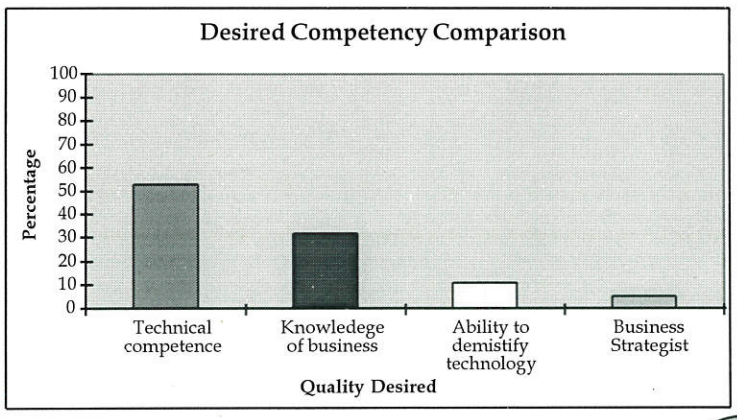
CEO Seminar 1995



What do CEOs think about IT?

(based on limited survey results of 24 organisations)

× IT managers don't have the appropriate qualities to add value.

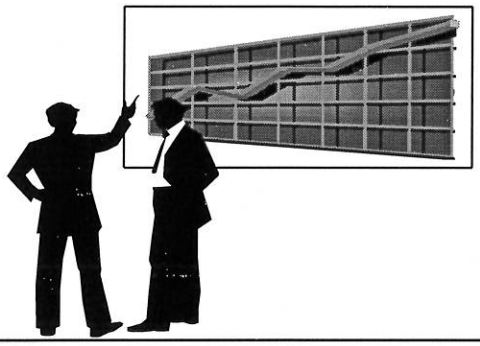


CEO Seminar 1995

What do CEOs think about IT?

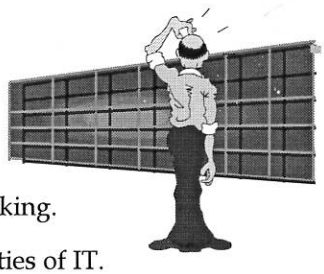
(based on limited survey results of 24 organisations)

- IT is an important resource that should contribute to business value but CEOs are yet to feel the direct contribution of IT to business growth and competitive advantage.



CEO Seminar 1995

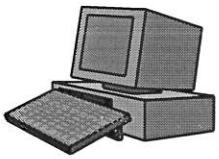
Conceptual Barriers



1. The process for IT investment decision making.
2. An understanding of the inherent capabilities of IT.
3. Reluctance to take technology risks based on past performance of IT function.
4. The process to manage IT.
5. The role of the IT Manager in business thinking and strategising.
6. The relationship between the IT Manager and business executives.

CEO Seminar 1995

Evaluating IT strategic and investment proposals

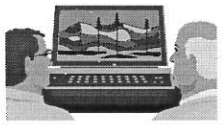


1. Understand the capabilities of information technology.
2. Understand the opportunities these capabilities present for changing your business / your industry.
3. Understand the implications of these changes for your people, your processes and your infrastructure.
4. Recognise that IT is a source of a business solution.
5. Link IT planning to the overall business strategy.

Understand the capabilities of Information Technology

- Imaging
  - eliminating the "paper - trail"

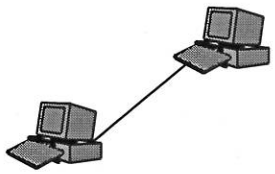
- Expert Systems
  - empowerment and decision making at the lowest level



- Telecommunications and Network
  - eliminating geography and distance as a barrier

Understand the capabilities of Information Technology

- Groupware
  - creating organisation without boundaries



- Graphical user interfaces and object orientation
  - computers that work the way we work / think

- Smart cards
  - safe and secure method of purchasing goods and services

Opportunities these capabilities present for changing your business / your industry

Technology	Finance	Manufacturing
Imaging	Cheque Processing	Document Management (storage and retrieval)
Expert Systems	Credit Analysis	Maintenance & Troubleshooting
Telecomms	One bank concept	EDI Direct connection to suppliers / customers

Opportunities these capabilities present for changing your business / your industry

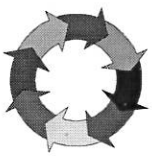
Technology	Finance	Manufacturing
Groupware	Promote team thinking - eliminate organisational boundaries	Promote team thinking - eliminate organisational boundaries
Graphical User Interface	Shorter learning curve for new applications - reduced training costs	Shorter learning curve for new applications - reduced training costs
Smart Cards	Electronic wallets (more functional ATMs)	

CEO Seminar 1995

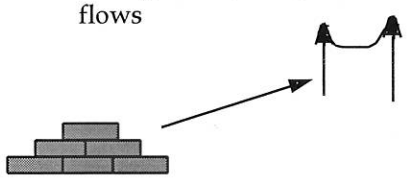
Understand the implications of these changes

People
- fewer
- more skilled
- empowerment
- knowledge worker
- change management

Process
- simpler
- faster
- technology driven



Infrastructure
- shift from bricks and mortar to wires and cables
- re-alignment with process flows



CEO Seminar 1995

Recognise that IT is a source of a business solution

1. Will it provide better customer service?
2. Will it reduce the complexity of my business?
3. Will it reduce the complexity of my organisation?
4. Will it reduce the complexity of my processes?
5. Will it empower my people to make better, faster and more informed decisions?

   (Will it simplify the way I make decisions?)

CEO Seminar 1995

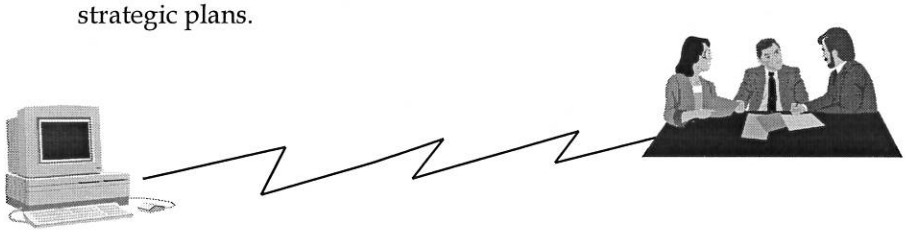
Recognise that IT is a source of a business solution

6. What specific ***business*** problem / weakness will it address?
7. What are the payback components and the payback period for this investment?
8. What are my competitors doing in this area?
9. Can it provide me with a new source of revenue?

CEO Seminar 1995

Link IT planning to the overall Business Strategy

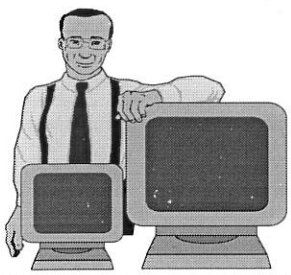
- The non - delegatable role of the CEO.
- IT planning looks out at least 3 to 5 years.
- IT planning must assist in implementing business strategy.
- IT planning is an integral part of, or necessary support, for strategic plans.



CEO Seminar 1995

The Role of the Chief Information Officer (CIO)

- To understand the business vision of the CEO, have a strong link with the business and help the CEO understand the business and organisational risks of new and existing technologies.



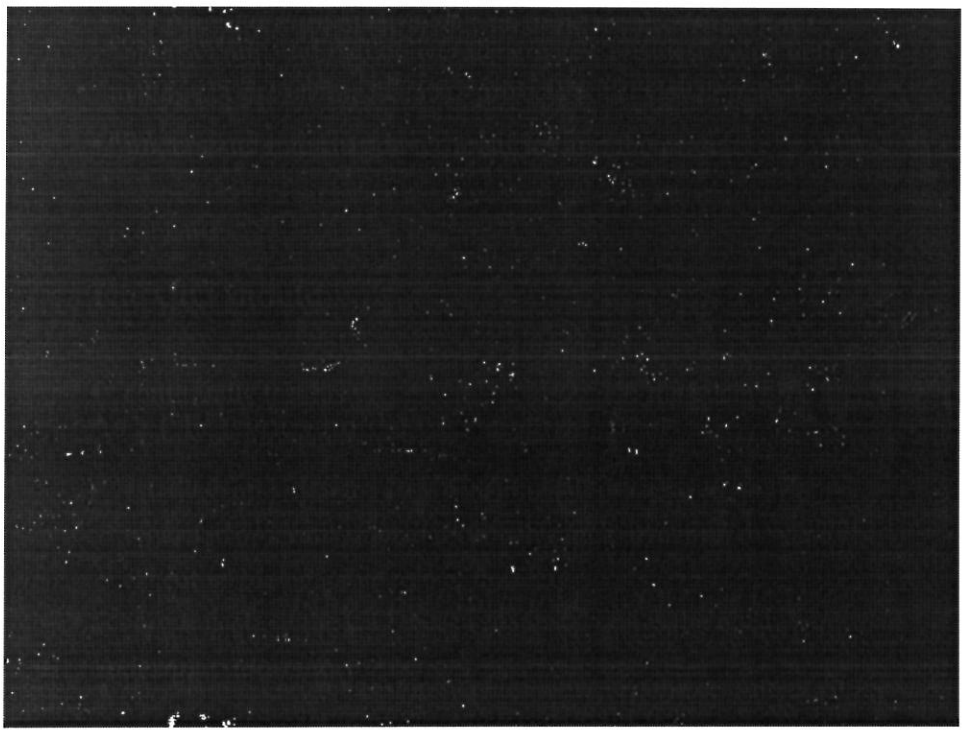
CEO Seminar 1995

The CIO should

- continually test his vision/understanding of the business with other executive management;
- establish and maintain relationships with executives and be regarded as a full equal and contributing partner on the senior executive team;
- establish and communicate a strong information systems (IS) performance record;
- focus on IS developments that have the highest business sponsorship and that deliver the greatest business value in the shortest possible time; and
- understand information technologies and their trends.

CEO Seminar 1995

As a CEO, you should

- select a CIO that will be a true member of your top management team;
- communicate to the CIO that user satisfaction is the most relevant performance criterion;
- appraise technology projects against strategic criteria and not cost benefits;
- manage IT projects as business projects not IT developments; and
- include the CIO in task forces to solve specific business problems.

CEO Seminar 1995