

## REAL WORLD

## CASE

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## IT Leaders: IT/Business Alignment Takes on a Whole New Meaning

**C**IOs thought they knew what business-IT alignment was. But fighting the dark forces of recession has really taught the lesson—to some of them, anyway.

At a truly aligned company with all cylinders firing, every executive, every manager, every employee works on one goal: winning customers. In the past, CIOs saw their role as, say, installing business intelligence tools so that the marketing group could analyze customer data, or upgrading enterprise resource planning software for the supply chain guys to improve order fulfillment. Vital work, of course, but inwardly focused and a few steps removed from living, breathing, money-spending customers. But now, as shown in the 2010 State of the CIO survey by CIO Magazine, top technology executives increasingly see bringing home the bacon as their job, too.

Nearly one third—30 percent—of the IT leaders polled say meeting or beating business goals is a personal leadership competency critically needed by their organizations, up significantly from the 18 percent who said so one year ago. Eighteen percent also named “external customer focus” as a critical skill, double 2009’s 9 percent. Double.

Meanwhile, 22 percent cited “identifying and seizing on commercial opportunities”—up more than triple from the year before. Yes, triple.

It’s clear that the recession has deepened CIOs’ understanding of and commitment to business beyond IT. CIOs are interacting with customers directly and working side by side with product engineers to build IT into new goods and services.

“In so many of the products offered now, the differentiating component is the IT capability,” says Drew Martin, CIO of Sony Electronics. Certain Sony televisions, for example,

can stream movies wirelessly, one of several products and features that Sony’s IT group itself helped make possible. CIOs should get their IT departments involved in product development—if IT can truly step up. “You have to have an awareness of where your business is trying to go,” he says. “Then you have to make sure you have the capability to support that.”

“At Konica Minolta USA, the IT group also influences what the company sells,” says Nelson Lin, CIO of the U.S. unit that is part of the \$9.7 billion Konica Minolta Holdings in Japan. For example, Konica Minolta printers, measurement devices, and medical tools contain enough computer technology that when they break or get replaced, customers must dispose of them carefully to avoid environmental hazards.

Lin saw end-of-life equipment disposal as a service that customers would pay for. Lin and other senior executives view Konica Minolta as an advanced technology company and through that prism, he says, the CIO’s input becomes even more valuable. He stepped up to lead discussion of equipment disposal as a money-maker. “I’m doing it for our own e-waste already. It’s now a matter of doing this large scale,” he says. “It’s the right thing to do, everyone knows. But it could be revenue for us, too.”

Denise Coyne, CIO of Chevron’s corporate departments and services companies, was previously CIO of the oil and gas giant’s marketing group as well as manager of 200 Chevron gas stations.

She would go to conventions to talk up the company’s point-of-sale system with gas station operators. “I found out what they wanted,” she says. Her MBA and nine years in marketing have shaped how she approaches IT, she says, assessing projects from finance and business perspectives, for example.

Patti Reilly White has been with Darden Restaurants for 20 years, 10 of them as CIO. IT has “always” been customer-focused at Darden, she insists, but the past two years have been particularly intense. Projects in development include a system to text customers when their tables are ready, doing away with the flashing-light buzzers that restaurant greeters now hand out to waiting diners.

“What our guests want is for us to value their time and personalize the experience for them. We in IT try to find ways to do that,” Reilly White says.

Some CIOs even run businesses themselves. In addition to overseeing internal IT for the \$3.6 billion Nasdaq OMX Group, executive vice president and CIO Anna Ewing runs Market Technology, a division that sells Nasdaq’s technology to financial exchanges around the world. The unit brought in \$359 million in contracts in 2008, for everything from advisory services (helping customers set up various kinds of exchanges) to trading, clearing, and post-trade systems.

Before coming to Nasdaq in 2000, Ewing didn’t have profit-and-loss responsibility in her previous positions at CIBC World Markets or at Merrill Lynch. But at those

FIGURE 11.1



CIOs are increasingly turning their attention to customers and new product opportunities.