



Relational Dynamics around Information
Systems within Management Teams
of Major French Companies

Preamble

This document marks the culmination of more than two years' research conducted by the Club Informatique des Grandes Entreprises Françaises (Cigref) and McKinsey & Company. Our joint study looked into the relational dynamics that develop around information systems issues within management teams.

We undertook this research with the aim of gaining a better understanding of why information systems were seen - more often than not - as making an insufficient contribution to value creation, as many studies have shown. We also sought to understand why good IS governance practice, a subject on which so much has been written, was not sufficiently implemented by management teams.

In the ongoing debate over the value of IS, this study is the first fact-based overview of the relational dynamics between the CEO, the Business Unit managers* and the CIO. Compared to existing, more quantitative, research, it sheds new light on the issue by asking "qualitative" questions such as:

- What is the situation of the enterprise's "information system"?
- Do the various actors share common perceptions about the situation
- What are the sources of satisfaction or frustration?
- Do the actors agree on the priorities, the difficulties and the required solutions?

The size of the panel - the management teams of nearly 90 companies - is also unprecedented (For list, see the Appendix "Presentation of the Study", page 74).

This white paper develops the results of our analyses and interviews, but it is more than just a diagnostic tool. It also examines the improvement levers and best practices that have enabled the management teams of the respondent companies to make progress with their IS governance and thus increase the value created by their information systems. Specifically, it proposes models for facilitating dialog in order to:

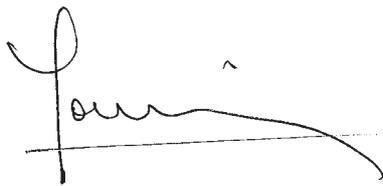
- Pool the diagnostic of the company's IS situation and define shared IS objectives and expectations;
- Validate the responsibilities of all involved in order to cover the entire scope of IS leadership;
- Define a modus operandi for the IT department and the BUs that takes on board the perspectives and constraints specific to each party.

* Includes the managements of functional as well as operational entities

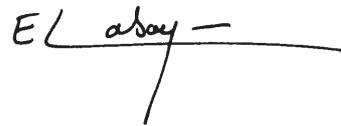
The aim of this white paper is to foster debate within management teams. The first paper to emerge from this study, on the CEO/CIO relationship, already kindled a constructive dialog when it came out at the end of 2002. Now that this work has been supplemented and enriched with, in particular, a deeper analysis of the role of Business Unit managers, we hope that this white paper will help encourage fruitful exchanges in order to advance the image of the information system as a source of value creation for the enterprise.

We would also like to offer our heartfelt thanks to all the management teams of major French corporations who took us into their confidence and made it possible for us to carry out this study.

Paris, 29 September 2004

A handwritten signature in black ink, appearing to read 'J. Corniou', with a long horizontal stroke extending to the right.

Jean-Pierre Corniou
President, CIGREF

A handwritten signature in black ink, appearing to read 'E. Labaye', with a long horizontal stroke extending to the right.

Eric Labaye
Managing Director, McKinsey France

Note:

The term "information system" as used in this document encompasses knowledge relating to the company's business and structure. It differs in this respect from the term "IT system" which represents the hardware, software and technical aspects only.

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Structure of the White Paper

- **Executive Summary** 7

Sums up the main conclusions of the study.

- **Perspectives of the key actors** 13

Presents the viewpoints of the different members of the management team on the subject of information systems. Three main questions are addressed: how the company's information systems contribute to its performance; what the various actors expect from the information systems, and the role of the CIO.

- **Three recurrent situations and their relational models** 29

Outlines the main situations encountered by French corporations with respect to information systems. For each situation, we describe the company profile, the CEO/BU/CIO relationship mode, and the improvement levers available to the members of the management team.

- **Changes in dynamics due to transitions between models** 52

Describes the shift that occurs in the dynamics when the situation is transposed from one relational model to another, and the best practices that enable such transitions to be effectively managed, avoiding the pitfalls observed in certain cases and maintaining the cohesiveness of the management team.

- **Appendices** 63

The Appendices present the study methodology, the analytical approach, and the raw data from the questionnaires.

Executive Summary

This section sums up our key conclusions. For detailed analysis, see the chapters that follow.

Management teams' views on information systems

The clichés that circulated in the past no longer reflect the reality of relations within management teams. In most cases, the CEO is now concerned by the information systems, and a relationship of trust has grown up with the CIO, to whom he delegates full and complete responsibility for technical management. The CIO in turn has generally started to work closely with the Business Units (which here includes the managements of operational and functional entities). The BUs, meanwhile, are familiar with the key elements of their information system and seek a better understanding of how it can affect the operational performance of the activities within their remit.

The management teams share the same assessment about the insufficient contribution of the information system to the company's performance. The companies' priority themes are to improve the alignment of the IS with the BUs, to optimize investments, and to drive costs down. Recourse to new technologies or to outsourcing is seen as a much lower priority, despite the keen media interest in such matters. The management teams are also widely in agreement about what causes the information systems to under-perform. The reasons lie within the company and not with the service providers or the vendors; they are mainly tied up with a lack of end-to-end involvement of BUs in IS projects.

The best practices for improving the situation are well known: economic analysis of projects; mixed IT / BU project teams; long-term structures for furthering dialog between the IT department and BUs; systematic measurement of captured benefits. **Paradoxically, although management teams extol the importance of these best practices, only a minority of companies actually implement them,** and when they do, they sometimes put all the emphasis on formalized IS governance, without first instilling a constructive climate of understanding and trust. As a result, they only generate misunderstandings and tensions, instead of resolving difficulties.

Models of CEO/CIO/BU relations

Every company in this study corresponds to one of three standard situations, depending on which aspect of the information system is the main focus of the management teams: resolving the IT problem (type I), optimizing investments (type II), or leveraging the information systems to transform the company (type III). These standard situations are shaped by the company's priorities, the health of its IS, and the "information system" culture of its decision-makers. Each company can be ascribed to a dominant model, even if there are differences between BUs within the same enterprise, notably where different BUs have differing ambitions and concerns, or differing levels of maturity.

In this context, there is no point in trying to identify the ideal CEO / CIO / BU relationship. Each situation has its own mode of relations, with its own set of implications for the CIO:

- Type I is characterized by a strong CEO / CIO relationship based on the direct involvement of the CEO, who aims to make IS projects and operations ever more reliable by putting his faith in his CIO (whom he often recruited or brought in himself);
- Type II is characterized by a relationship centered on the BU / CIO dynamic, with the institution of more or less formalized "customer-supplier" interactions. All too often, this formalization fails to forestall the tensions that exist between BUs and the IT department and only partly resolves the problems of shared responsibility;
- Type III is characterized by the establishment of a partnership between BU managers and the CIO to attain the BUs' objectives. IS governance is tightly integrated into that of the BUs, and the CIO is seen as a fully-fledged member of the management team, in which he has often taken on other areas of responsibility.

Management teams need to be aware of the dynamic nature of this relationship so that they can anticipate the changes inherent in transitions from one type to another, and increase the information systems' potential for value creation. These transitions require far-reaching changes in the relations between actors, and they reshape the playing field for the CIO. With insufficient guidance, they can lead the company into a situation of blockage, characterized either by the emergence of crises, or by an inability to extract further value from the information systems. This situation is evidenced in many companies where there is a stand-off between BU managers and a CIO with divergent perspectives: while the fail-safes built into a strict code of IS governance may head off crises, they do not necessarily enable the organization to move forward, as they allow an "arm's length" relationship to set in between the actors.

Rarely do management teams have any collective awareness of this relational dynamic. They tend to **develop individual perceptions and divergent expectations which prevent them from defining shared objectives for the information systems.** For example, the CIO, eager to apply his experience, would like to have more influence on company strategy, leveraging the information systems to take it forward, whereas the CEO and BU managers are looking for a skilled technician, or the solution to a one-off problem.

Implications for management teams

CEOs need to put in place a mode of managing information systems based on joint responsibility, while becoming more aware of their own role in the relationship dynamic:

- They should apprehend the IS situation of the company (type I, II or III), along with its implications and the associated relational dynamic;
- They should instill into the company a determination to improve the performance of the information systems. This determination must be shared by the entire management team and the CEO must make sure that the BUs are involved in the attainment of objectives. After all, when a company makes or loses money, the CFO is not held to be solely responsible - the same should apply to information systems;
- They should understand that their own behavior sets a powerful example, and anticipate the consequences of changes in their personal involvement. For example, the sudden disengagement of the CEO after an IT crisis has been resolved leaves the CIO searching around for a way to connect with BU managers who, now that the CEO's priorities have changed, have lost all interest in the question.

CIOs need to help management teams to understand and jointly manage the information systems. To this end:

- They should understand the issues and expectations specific to the CIO, and define, in conjunction with the CEO and the BU managers, the priorities going forward for their own role in the leadership of information systems;
- They should accept that they cannot single-handedly take on all the responsibilities associated with the management of information systems. They need to explicitly discuss how to share these responsibilities within the management team, and how to organize themselves personally so that they can focus on their priorities;

- They should get closer to the BUs by creating a climate of trust and understanding; they should not be seen to be open to input only from the CEO. They must also avoid confusion and conflicts of interest between a position "on the same side of the table as the BUs" - eager to do their best to help the BUs create value - and their position as head of the IT department, eager to optimize its resources and improve its performance indicators. Finally, when tensions arise, CIOs should avoid the temptation of over-formalizing the IT/BU relationship, to protect themselves, until they have taken personal action to dispel any lingering misunderstandings with the BUs.

BU managers need to appropriate the information system for their own particular area of responsibility:

- They should start by recognizing the gaps and failings in their own understanding of information systems, so that they can make progress in the exercise of their responsibilities with the support of the CIO;
- They should treat IS projects like any other BU project or investment. They should constantly query the proposed technical solutions where these are not fully understood, or where the resulting benefit for the BU is less than clear;
- They should make a point of taking operational charge of a major IS implementation project. The personal insights gained from this type of experience - which subsequently facilitates clear and efficient dialog between IT department and BU - emerge clearly from this study.

These summary conclusions are developed in the chapters that follow. The detailed quantitative data on which the White Paper is based are presented in the Appendix.

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Perspectives of the key actors

■ INFORMATION SYSTEMS' CONTRIBUTION TO COMPANY PERFORMANCE

● Information system priorities

There is general agreement among CEOs, CIOs and BU managers on their companies' main priority when it comes to information systems: optimizing their investments. Three themes in particular meet with a strong consensus: *There is widespread agreement that the main priorities for information systems center on the internal optimization of their cost and performance.*

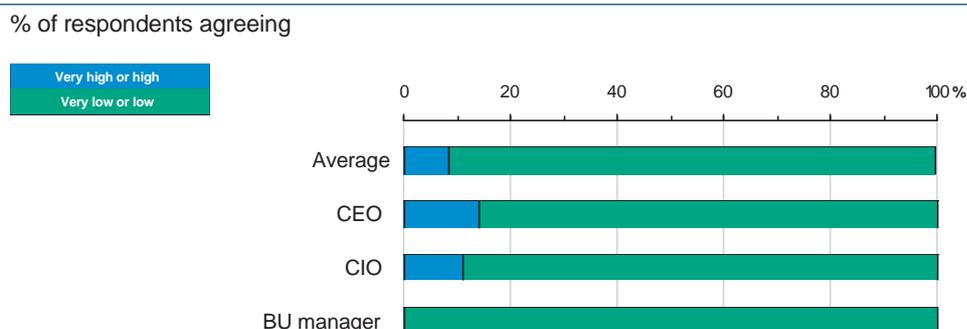
- Aligning IS investments with BU priorities;
- Ensuring a return on IS investments;
- Controlling or reducing IS spending.

It is worth noting, by contrast, that:

- Recourse to outsourcing, so often presented in the literature as a potential lever of value creation, systematically comes bottom of the list of priority themes (see Exhibit 1);
- There is skepticism about how great a priority new technologies truly represent.

"All I really want to know is: how much, when, and how long will it last? I'm not interested in questions of outsourcing or all the other things the top brass get worked up about" (BU manager). "I realize that it's more satisfying to work with the latest tools and technologies, but for me it's more important to deliver on time and on budget" (CEO).

Exhibit 1: What priority does the company management give to outsourcing its IS activities?



Source: Annex; CEO questionnaire 2001 -2002, question 2; CIO questionnaire 2001 -2002, question 2; BU questionnaire 2003 -2004, question 3, CIO questionnaire 2003 -2004, question 5

■ INFORMATION SYSTEMS' CONTRIBUTION TO COMPANY PERFORMANCE

● Main areas where the reality falls short of expectations

When asked about their expectations with regard to how their information systems could contribute to value creation, the management teams of large corporations stress the traditional role of information systems in automating operations, supporting management activities or providing management indicators. Far less mention is made of the more strategic roles played by information systems, namely:

- Facilitating innovation,
- Helping to create synergies, or
- Developing competitive advantage.

"There's an understanding gap here: I'm talking strategy, he's talking tactics. It's a dialog of the deaf" (CIO).

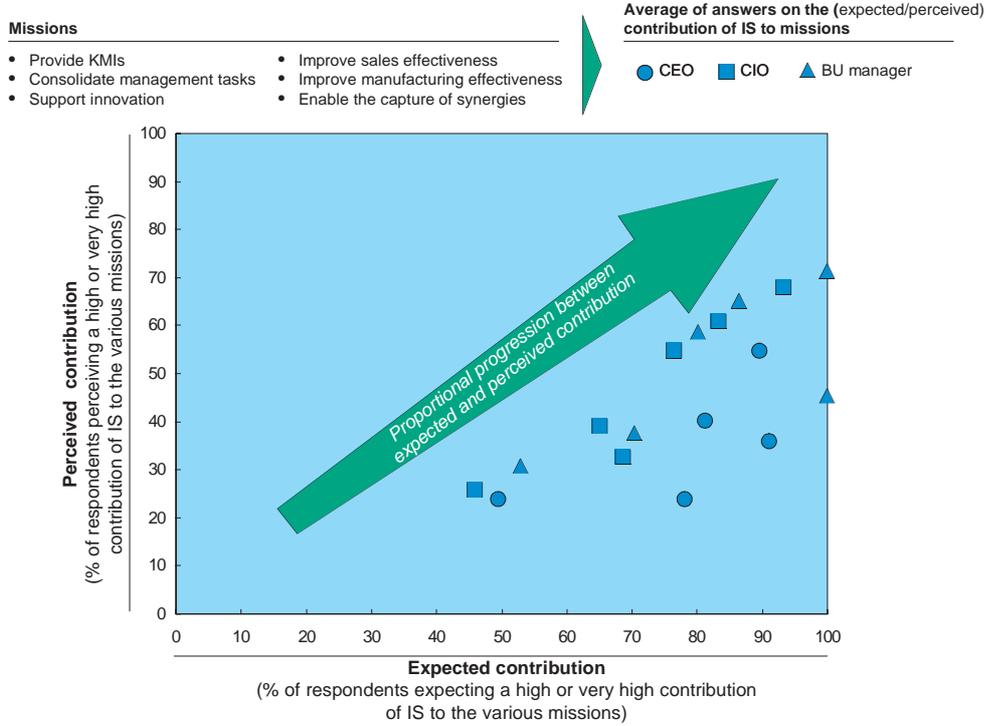
Whatever the role they ascribe to the information systems, all the members of the management teams perceive a significant shortfall between the level of contribution they were expecting and the actual level of contribution obtained from their information systems (see Exhibit 2):

- This perception is widely shared, not only by the CEOs and the BU managers, but also by the CIOs, even if the latter generally offer a more positive assessment;
- The greatest contributions are mainly perceived to be in those areas where the expectations were also at their highest. This suggests two possible

Management teams share the same outlook on the traditional areas in which the IS can create value. They are also unanimous in recognizing the existence of a significant gap between expectations and reality as regards the contribution of the IS to company performance.

explanations: either the value generated by the information systems grows in proportion to the importance that company managers ascribe to one or other of their functions or, conversely, disappointing experiences in certain areas of application reduce subsequent expectations about the systems' potential for value creation.

Exhibit 2: Gaps between expected and perceived contribution of IS to the performance of key missions



Source: Annex; CEO questionnaire 2001-2002, question 3; CIO questionnaire 2001-2002, question 3, BU questionnaire 2003-2004, question 10; CIO questionnaire 2003-2004, question 11

■ INFORMATION SYSTEMS' CONTRIBUTION TO COMPANY PERFORMANCE

● The underlying causes of the expectation gap

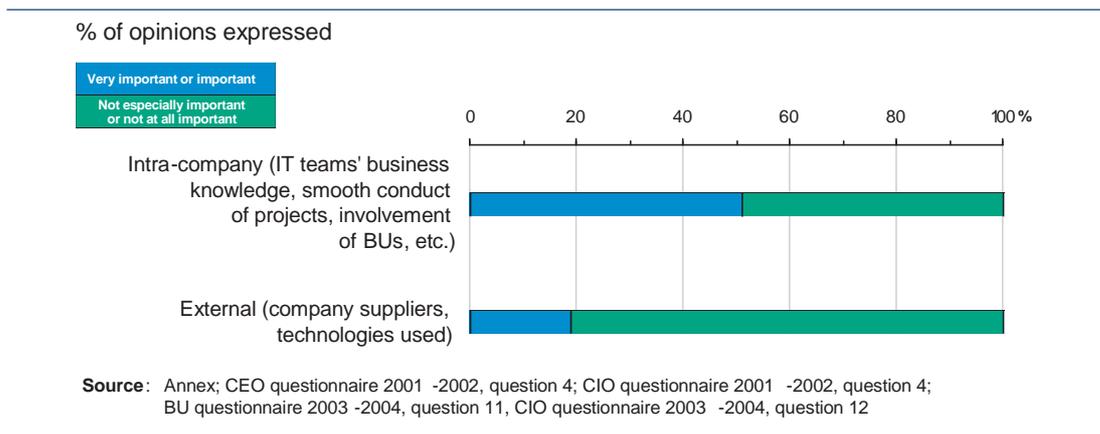
Of a common accord, CEOs, BU managers and CIOs rule out three reasons frequently put forward to explain the weaknesses of information systems. The fault, they say, lies:

- Neither with the suppliers;
- Nor in unstable technologies;
- Nor in inadequate resources.

"The projects that failed were the ones where we couldn't mobilize the project owners" (BU manager). "Cost is not a problem: sure, we have a large IT budget, but it's the end quality that takes precedence" (BU manager).

One conclusion already emerges at this point: the causes for the gap between the expected and perceived contribution from the IS are internal to the company. This diagnosis is widely shared by the main protagonists (see Exhibit 3).

Exhibit 3: Causes for the gap between expected and perceived contribution of IS



With total unanimity, CEOs, BU managers and CIOs alike deplore the common deficiencies that dog each step in their IS projects:

- Poor definition of IS investment priorities;
- Insufficient use of mixed BU-IT teams capable of running IS projects;
- Insufficient development of specific know-how for formulating BU needs and expressing them in terms of information systems;
- Low capacity for initiating the changes required in BUs if they are to capture the benefits expected from the information systems.

The CEOs and CIOs criticize "the BUs' lack of involvement in IS projects". The BU managers, for their part, prefer to talk of "a failure to give business unit personnel direct responsibility for capturing the expected benefits". A full half of the companies surveyed admitted that the BUs are not specifically committed to capturing benefits (they are subject only to a "moral commitment"). This is hardly surprising given that **only one half of the companies actually monitor the benefits obtained.**

The actors involved are substantially in agreement about the causes of the expectation gap regarding the contribution of the IS to company performance. They also widely agree on the conditions for the success of IS projects, and of IS investments in general.

When asked about what causes IS projects to fail, the main reason advanced by BU managers and CIOs is that BU personnel are not sufficiently trained in the IS project culture. Accordingly, the capacity of BUs to assign qualified and motivated personnel to projects is considered to be the most important factor for their success.

The second most frequently evoked factor behind the success or failure of projects is the ability of the IT department and the BUs to work closely together on projects, a pre-condition for:

- Establishing shared objectives and obtaining strong mutual involvement;
- Making IT teams better equipped to interact with BU personnel and to understand their needs;
- Facilitating project management through regular meetings between the same actors.

■ INFORMATION SYSTEMS' CONTRIBUTION TO COMPANY PERFORMANCE

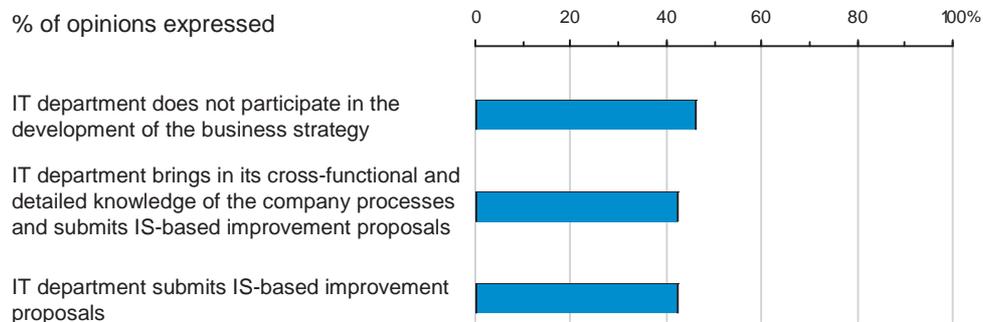
● The extent to which IS performance management mechanisms are in place

This study set out to investigate the use of four IS performance management mechanisms in particular:

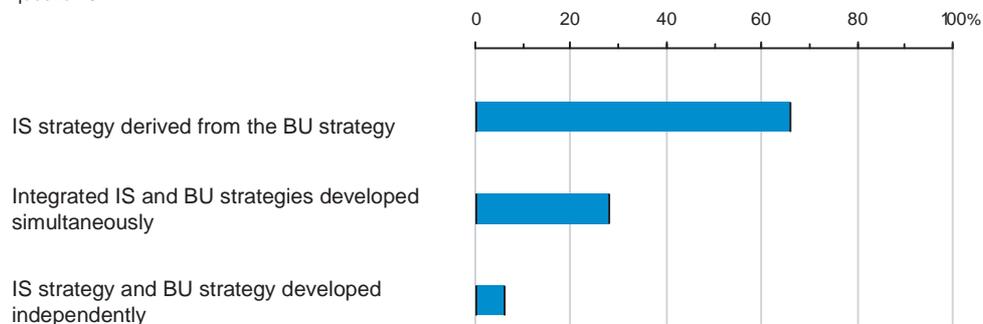
- The process of defining IS strategy;
- Project committees;
- IS management committees;
- Scorecards.

The first observation to make is that **only one third of the companies have adopted an integrated approach to defining BU and IS strategy**. As a vivid illustration of this phenomenon, one in every two CIOs interviewed admit that they take no part in defining business strategy. This is a reflection of a standard paradigm in which BUs see the information system as a support tool defined after the strategy, rather than as a potential source of competitive advantage (see Exhibit 4).

Exhibit 4: How are IS and BU strategies defined?



Source: Annex; CIO questionnaire 2001-2002, question 9



Source: Annex; CIO questionnaire 2001-2002, question 10

IS management committees and project committees are a frequent feature of the companies interviewed. But when one seeks to understand the nature of these bodies' actual missions in terms of IS performance management, a distinctly less rosy picture emerges. Our statistics on the monitoring of IS-related benefits reveal a general absence of managerial rigor in this area:

- Fewer than 10% of the companies in the survey systematically prepare an economic review before launching IS projects; 70% do so only for their most large-scale projects, and 20% never carry out an economic review;
- Less than one company in three has introduced scorecards assessing the performance of the information system and the IT department.

Another symptomatic feature of BU involvement in IS performance management is that it is mostly restricted to appointing ad hoc managers for each individual project:

- Fewer than 40% of the companies in the survey have a BU member acting as a permanent contact for the IT department. In almost one third of cases, the IT department steps outside its remit and substitutes for the BUs in the ownership of IS projects; *Although all the companies have a pertinent analysis of their IS performance shortfall, only a minority have adopted best practices despite - paradoxically - insisting on their importance.*
- Fewer than one company in three has appointed BU "process" specialists to lead a joint consultation with the IT department on ways to achieve improvements.

"We have IS correspondents in the BUs; they're supposed to help the teams to formulate their needs, but they spend so much time with the BUs that they end up taking over the project ownership role, and taking responsibility away from the BUs" (CIO).

■ MUTUAL EXPECTATIONS AND PERCEPTIONS WITHIN MANAGEMENT TEAMS

● Between the CEO and the CIO

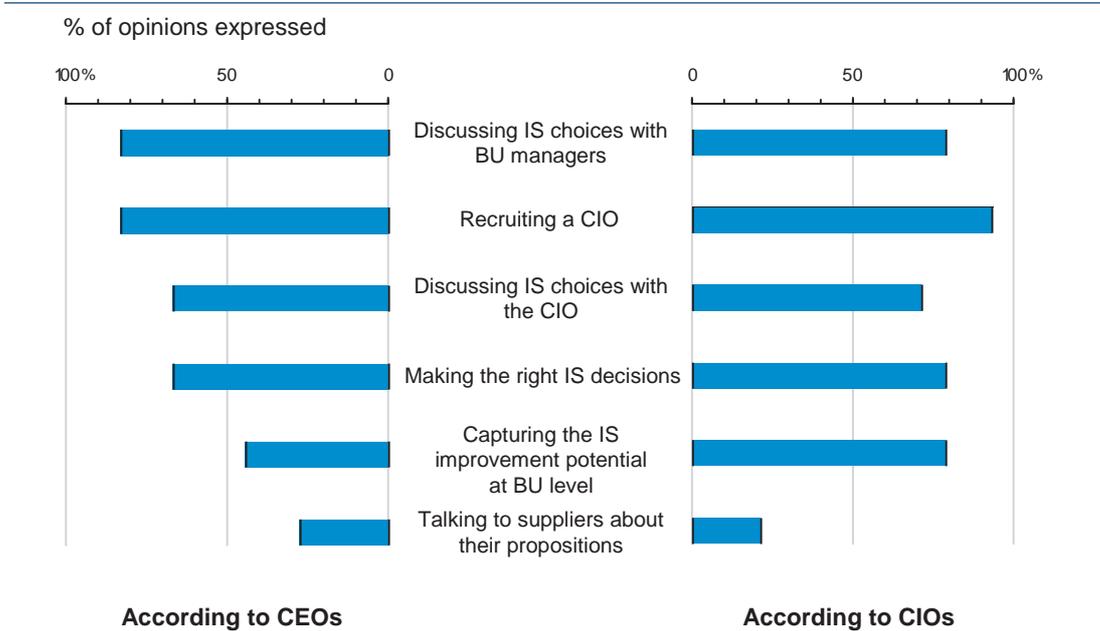
More than 80% of CEOs claim to devote a high or very high proportion of their attention to their information systems. This keen interest on the part of CEOs is confirmed by only half of their Chief Information Officers.

A number of "fundamentals" on the subject of information systems are shared by all management team members. Very few companies, however, display a total convergence of views in this area, and there are persistent differences of perception and expectation as to the role of the CIO.

CEOs and CIOs do however concur that the former are widely involved in the management of IS affairs - especially when it

comes to validating budgets and large-scale projects - and that their level of understanding in this area is sufficient for them to make the right decisions (see Exhibit 5).

Exhibit 5: Is the CEO's understanding of information systems sufficient for...



Source: Annex; CEO questionnaire 2001-2002 question 13, CIO questionnaire 2001-2002, question 21

There is also broad agreement between CEOs and CIOs on the role that the CIO should play. Three missions in particular stand out:

- The design and cost-effective implementation of the applications and infrastructure called for by the business strategy;
- Foreseeing IS upgrade requirements and risks, in order to head off crises;
- Selecting high-caliber suppliers.

Finally, CEOs generally share their Chief Information Officers' view of what it takes to be an effective CIO, emphasizing the importance of communication and team motivation.

However, there are significant differences of opinion on the CIO's transversal function (i.e. his technical as opposed to strategic role) or on his relationship with the BUs and his place in the management team:

- CEOs and CIOs agree on the importance of the transversal role inherent to all information systems. CIOs, however, see it as an unofficial function arising out of informal relationships that they themselves have built up, whereas CEOs consider that they have given CIOs an explicit mandate to assist them in managing the company's transversal issues;
- The CIO would typically like to harness the IS to move the company forward and would like to be involved at an earlier stage in the definition of business strategy, whereas the CEO looks to the CIO above all for "technical stewardship" of the information system;
- CIOs insist on the need for a formally defined position (direct attachment to the CEO, a seat on the Executive Committee), whereas CEOs put the emphasis on informal dialog and easy access to the BUs.

■ MUTUAL EXPECTATIONS AND PERCEPTIONS WITHIN MANAGEMENT TEAMS

Two radically different conceptions emerged from the interviews about the nature of the CIO's participation on the Management Committee:

- **A means to an end.** Many of the CIOs not invited to sit on Management Committees see this as a sign of the low priority that the company gives to the IS. They feel that, if the company is to make progress on the IS question, the CIO must be part of the Management Committee;
- **A consequence rather than a precondition.** An assessment often found among the CEOs and among the CIOs who sit on the Management Committee is that a seat on such bodies is a way of recognizing the CIO's contribution to the management of the company and his capacity to hold his own as a de facto member of the management team.

Questioned on this point, executive headhunters outlined two typical CIO profiles sought after by CEOs:

- The "manager-technician" CIO, with the ability to steer the company through a particular IS initiative (e.g. ERP, outsourcing, large-scale projects, optimizing governance);
- The "management team member" CIO, with a vocation for developing the company's IS assets and know-how. This position is often associated with other responsibilities such as back-office and operations, technology watch and innovation, processes and organization, and economic intelligence.

The most sought-after characteristics in a CIO relate to the non-technical aspects of the position: a managerial profile, the ability to listen and communicate, an understanding of the core business, and international experience. As soon as CIOs are recruited, it is clear whether or not they will sit on the Management Committee.

"Do you know many CEOs who would pass up the chance to get a talented manager onto their Management Committee?" (a headhunter).

- **Between BU managers and the CIO**

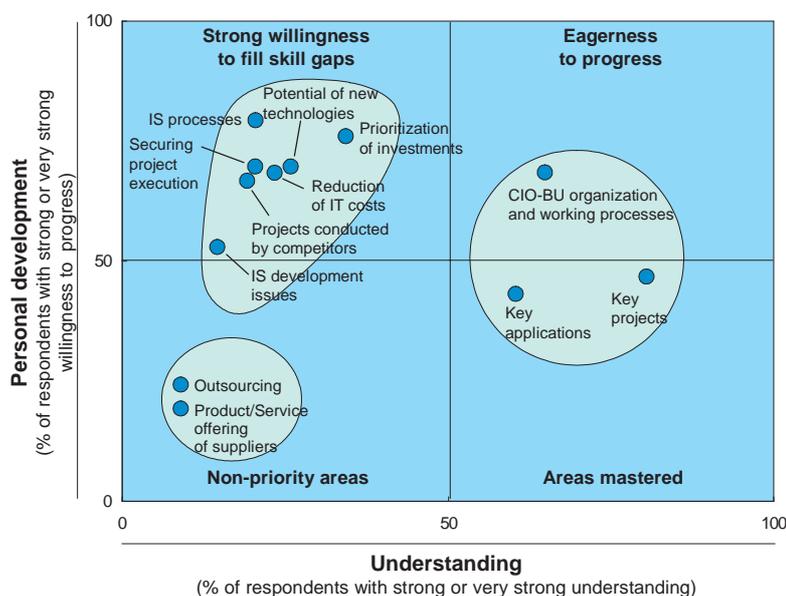
BU managers claim to have a strong personal investment in the management of their information system when it comes to deciding on investments and supporting projects. CIOs qualify this claim by pointing to the insufficient involvement of the BUs in two areas:

- Upstream evaluation and downstream monitoring of the benefits derived from the information systems;
- The validation of the IS operating costs, looking beyond individual project budgets.

CIOs and BU managers are in agreement about the BU managers' level of understanding of the IS, judged to be perfectly adequate for making key decisions, especially if the BU manager has played an operational role in an earlier project (see Exhibit 6):

- The main projects and systems, as well as working processes and organization between the IT department and the BUs, are generally well understood and managed;
- The BU managers' willingness to learn is also acknowledged, as is their determination to make progress in areas related to the optimization of IS investments and potential, in order to improve operational performance;
- By contrast, two subjects often thought to be of prime importance - outsourcing and knowledge of suppliers' products and services - turn out to be a far lower priority for BU managers and CIOs alike.

Exhibit 6: BU managers' understanding of IS and eagerness to progress on IS questions



Source: Annex; BU questionnaire 2003-2004, question 14; CIO questionnaire 2003-2004, question 15

■ MUTUAL EXPECTATIONS AND PERCEPTIONS WITHIN MANAGEMENT TEAMS

This study underlines the benefits derived from BU managers' participation in the operational management of a large-scale IS project: it builds up trust between CIOs and BUs and enables them to talk on the same level. And yet

By conducting a large-scale IS project, BU managers take a big step forward in understanding the impact of the IS and the difficulties inherent in its implementation.

more than 30% of BU managers have never taken part in such a project.

CIOs and BU managers are in overall agreement that it is the CIO's job to come up with concrete solutions to the operational problems encountered by the BUs and to meet their stated needs. They are well aware of the difficulties of this role, and both sides underline the significant gap between expectations and actual satisfaction in this area.

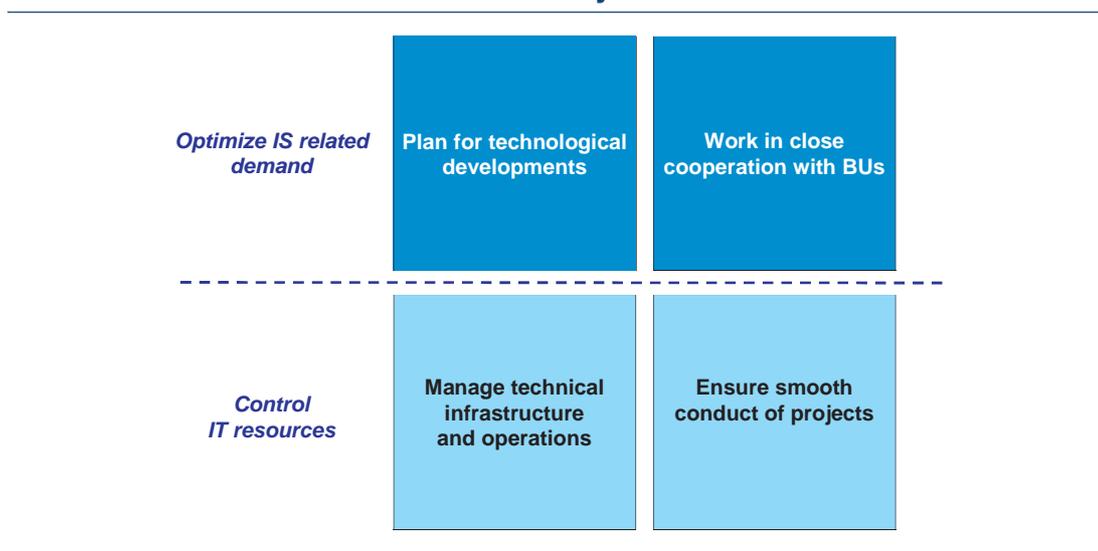
Three other themes, however, reflect differences of opinion as well as unfulfilled expectations on the part of BU managers, although the areas in question seem to be less of a priority for CIOs:

- **Supporting the development of IS competencies in the BUs**, a sign of the BU managers' eagerness to make progress and of their frustration at the under-use of IS-related benefits;
- **Helping project ownership teams to define their needs and priorities, and organizing IT/BU exchanges.** BU managers look to the project ownership/management relationship to define the respective roles of the IT and BU teams, and set out clear boundaries between them, whatever they may be - this is not something they are dogmatic about. CIOs, on the other hand, are keen to lay down the boundaries in a standardized manner;
- **Looking for solutions to avoid deadlock between BUs and the IT department.** CIOs often deal with conflicts by falling back on a strict set of rules for interaction and decision-making and, in the last resort, to arbitration by the CEO. This approach clearly does not satisfy the BUs.

■ THE ROLE OF THE CHIEF INFORMATION OFFICER

The CIO's remit has greatly evolved over the years, gaining in difficulty and in complexity. It now encompasses four main fields of activity (see Exhibit 7):

Exhibit 7: The CIO's four fields of activity



- Managing the technical infrastructure and operations: ensuring operational efficiency while controlling the operating budget;
- Ensuring smooth conduct of IS projects: formalizing roles and responsibilities in project mode, ensuring cohesiveness between teams, and finding mutually beneficial solutions in response to requests from the BUs;

"Once the roles and the responsibilities have been clearly defined, the project ownership / management relationship can really get things moving" (CIO). "The BU should take care of the functional specification and the CIO should come back with a price, a timeframe, and a set of benchmarks" (BU manager).

- Working in close cooperation with the BUs: developing a shared language for discussing the IS, helping them to understand the impact of the IS on their business, and sitting "on the same side of the table" in order to assist them in prioritizing and managing the investment portfolio;

"I'd like to be able to talk to a trusted third party who gives me a neutral view on what I'm doing. That's where the CIO can play a real consulting role" (BU manager).

■ THE ROLE OF THE CHIEF INFORMATION OFFICER

- Planning for technological developments: maintaining a technology and competition watch, keeping BU managers abreast of IS evolutions in their field, and providing a cross-cutting overview of the company's various functions - a prerequisite for managing change.

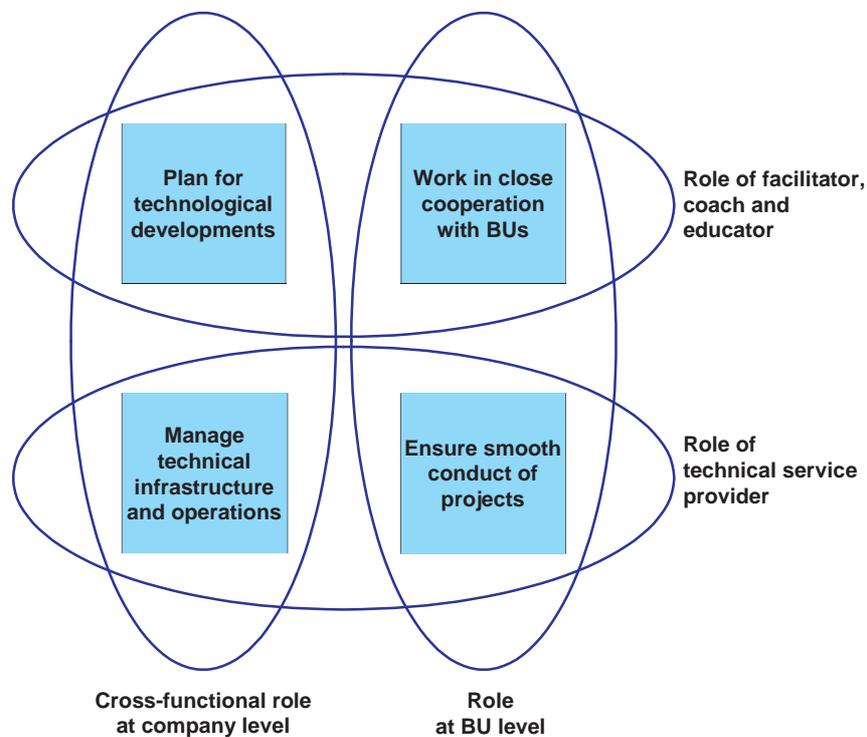
"The CIO should keep a technology watch, so that he can then give the BUs his assessment of the gap between our information systems and what's available on the market" (BU manager).

Depending on the company's own approach to information systems, the CIO will prioritize one or more of these four fields of activity by focusing on the

The information systems business covers a wide range of situations and challenges. Some CIOs struggle to convince people that they can deal equally effectively with both operational and strategic concerns. It is hard to find both profiles in one and the same person.

development of one of the four facets of his role (see Exhibit 8).

Exhibit 8: The four main facets of the CIO's role



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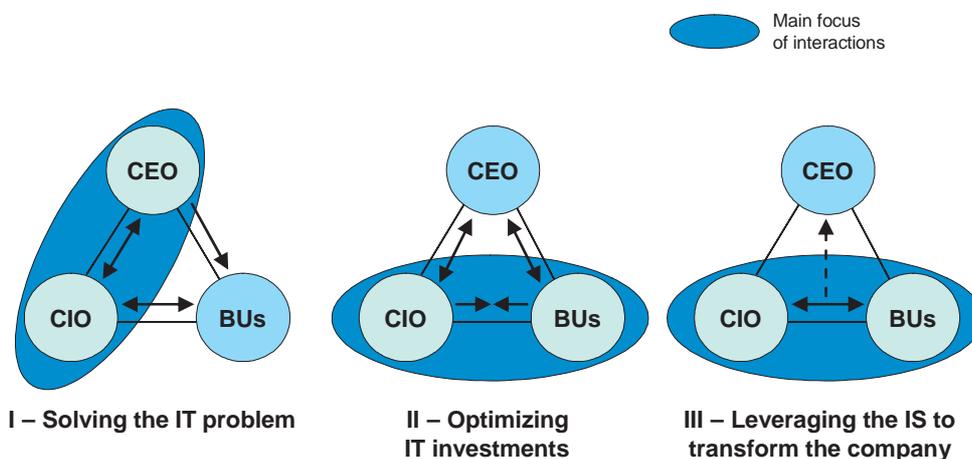
Three recurrent situations and their relational models

It emerges from the interviews with CEOs, BU managers and CIOs, and from analysis of the answers to the questionnaires, that the relations between these actors can be grouped into three types, directly correlated with the company's objectives or with issues inherent to information systems (see Exhibit 9):

- Solving the IT problem (type I companies);
- Optimizing IT investments (type II companies);
- Leveraging the IS to transform the company (type III companies).

This chapter analyses each situation encountered, describing the profile of the companies involved, the mode of CEO - BU - CIO relations dictated by the situation, and the levers of action available to the actors to move their framework of interaction forward.

Exhibit 9: The three relational models



Type I companies

■ SOLVING THE IT PROBLEM

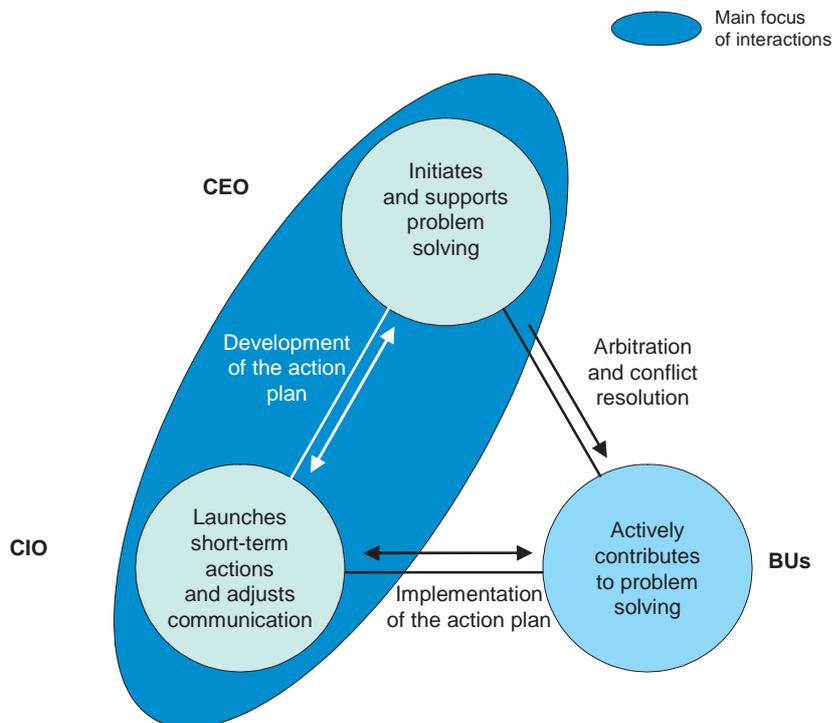
● Profile of companies in situations of this type

The first relational model is observed in those enterprises that have had to deal with an IT crisis. From being a secondary issue, IT has become a prime concern for the top management, following the emergence of one or more symptoms of varying gravity:

- A sudden increase in IT spending;
- Mission-critical applications going down;
- Slippage of large-scale projects;
- Discussions conducted by the IT department on the subject of the IS are felt to be incomprehensible;
- Conflictual relations between the IT department and the BUs.

The company must strive to make the information system reliable, to give new direction to major projects that are starting to drift, or to formalize the management and operation of the IT department. To attain their objective, the CEOs of these companies often have to recruit a new CIO who "talks in simple language" and "takes an interest in the BUs" (see Exhibit 10).

Exhibit 10: Diagram of type I interactions



Only a minority of the companies in the survey belong to this category. A majority of them, however, admit to having come through an IT crisis in the past. *"Solving the IT problem" is an essential step in a company's progress towards maturity with regard to its information systems.*

● A relational dynamic in which the CEO is deeply involved

This type of situation is marked by a close relationship between CEO and CIO. The need for rapid resolution of IT problems drives the CEO to get personally - and often deeply - involved, and incites the CIO to concentrate primarily on ensuring IS availability: *The CEO takes personal charge of IT problems and gets involved in defining the improvement plan with the CIO.*

- **The top management initiates and supports the IT problem solving approach:** it sets the progress objectives, encourages the BU managers to get involved, supports the IT department, resolves conflicts, and regularly arbitrates between the CIO and the BU managers;
- **The IT department undertakes to improve quality of service:** it strives to maintain the technical infrastructure and operations under optimal conditions, and to implement IS projects. It is called upon to solve problems through short-term actions and pertinent communication: identifying breakpoints, defining action plans, keeping others informed of the plans and of progress made, and referring difficulties to the top management for arbitration. Solving urgent problems - and the powerful positive impact this has on the company - reinforce the CIO's overall credibility and his position relative to the other members of the management team;
"If you want to win the trust of the BUs, you need to start by getting your own house in order" (CIO).

- **The BUs suffer the short-term effects of urgency** in solving the IT problem and, in particular, **strong pressure from the top management** to contribute to the solution by adopting corrective measures and accepting the necessary IS trade-offs. The aim of improving the IS also calls for the IS function to become more professional, and for more formal interactions between BUs and the IT department (e.g. stricter delineation between project ownership and project management, the introduction of formal IS reports, permanent project review bodies, etc). This more rigid mode of operation - combined with the frequency of BU/IT trade-offs - may in some cases generate frustration and underlying conflictual relations between BU managers and CIOs.

Type I companies

■ SOLVING THE IT PROBLEM

- **The need to seek IS competency outside the company**

In companies hit by a serious IT crisis, entrusting the overhaul of the IS function to the incumbent CIO - or training up an internal replacement - can be problematic, since the entire IS function may have lost its credibility in the eyes of the operational entities and BUs. If IT personnel then try to push through changes, they are liable to meet with blank refusal and to be accused of incompetence.

Under these conditions, some companies call in firms of headhunters to recruit a CIO with a mandate to restore order to the information systems, with solid support from the top management.

"Four years ago I insisted that we go out in search of a Chief Information Officer, a specialist. Why? No-one in this group took an interest in the subject beforehand. So how could anyone emerge internally? Mine is a real specialist brought in from the outside" (CEO).

- **The levers for action available to the CIO to solve the IT problem**

Analysis of the companies that have had to solve the "IT problem" reveals four main levers available to the CIO:

- **Ranking priorities.** The role of the CIO must be primarily centered on resolving critical failures and operational problems, and on the quality and cost of information systems. There is little point in their addressing more sophisticated issues such as technical developments or the business advantage derived from the information system: there is no-one in the company to bounce such ideas off.

"They recruited me because all the big systems were down. I was hailed as a savior. I saved some major projects for them. Later, they complained that it costs a lot of money. I showed them that for a constant outlay, you can have more advanced IT and shared solutions - across different BUs and different countries. I managed to persuade the Board of Directors" (CIO).

- **Sharing their vision of the IT problem, and the means to solve it, with the top management.** Solving the "IT problem" often means difficult trade-off procedures or situations that are fraught with complex decisions. To make headway, the CIO and CEO must agree on the IT diagnosis, the CIO's mandate, and the solutions to be adopted.

"It was the CEO who brought me in; we used to work together in Group X, and he knew he could trust me (...). We had the same diagnosis about the lack of visibility on costs and value created. I had a clear mission: to persuade the departments to cut costs and go with the synergies (...). To begin with, although I was very close with the CEO, I almost quit because I was demoralized. He told me: 'Look, I don't have a good feeling about this either, but you go ahead, change whatever you want' " (CIO).

- **Producing fact-based descriptions of problems encountered and expressing progress in material terms.** Identifying the blockage points and IS difficulties encountered, and describing them in concrete terms, are essential steps towards IS transparency and the understanding of the tools by the members of the management team. Likewise, regular progress updates based on concise BU-oriented scorecards helps to restore the credibility of the CIO.

"I set up arbitration meetings for which we systematically calculated the ROI and the key elements for decision-making. Before that, the project arbitration culture was unheard of [in the company]. There were discussion meetings where the top management basically cowed people by saying: 'So, you don't really need those things, do you?' " (CIO).

- **Positioning the IS teams as a proactive force.** In IT crisis situations, the CIO often has to remotivate his teams and coax them out of their conflictual relations with the BUs. The IT department must leave behind its defensive position, reacting to demands from others, to become a proactive force that works alongside the BUs to solve problems.

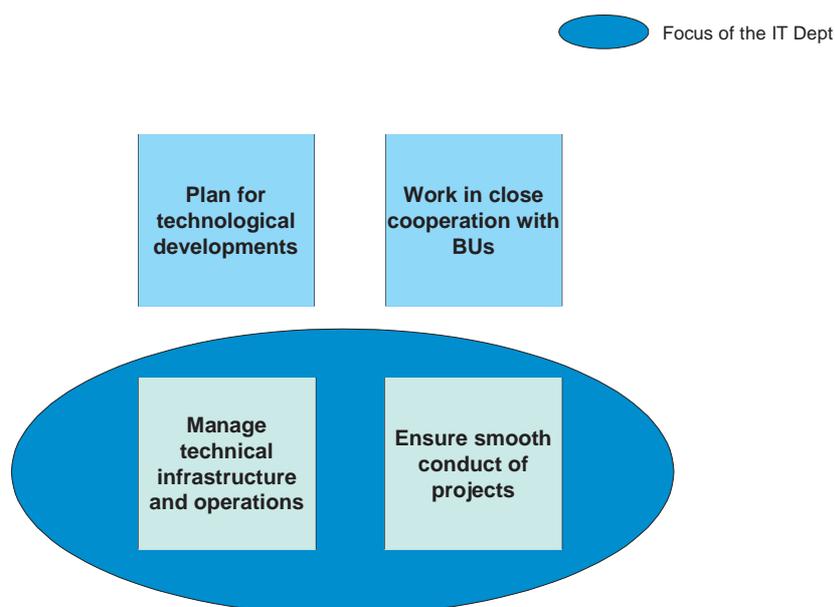
"I asked my teams to get rolling. It took two years' work to really wake them up (...). Beforehand, they were entirely focused on costs and deadlines. Now, they're responsible for the basics (security, reliability) and - in conjunction with the BUs - the outcome of projects " (CIO).

Type I companies

■ SOLVING THE IT PROBLEM

Out of the four fields of activity identified, the CIO focuses on two missions. He concentrates mainly on getting the IS locomotive back on track (continuity of operation, urbanization, project delivery) (see Exhibit 11).

Exhibit 11: Activity focus for type I situations



■ ILLUSTRATION

CEO:

"Some years back, we had an IT crisis. To remedy the situation, we decided to go down the facilities management route, and we sold our IT subsidiary to one of our service providers.

At the time, I was the customer. Things were difficult with the IT department: the systems didn't work well, implementing new software was a long and difficult process. Everyone was glad to see the back of a subsidiary that was so dysfunctional. 'At last,' we thought 'we'll be dealing with professionals'.

Unfortunately, the situation didn't get any better. Software implementations are still riddled with bugs and other problems. The 'Finance' project at end of 200X, for example, went well enough, but the switch to the Euro was a catastrophe. We have a very fraught relationship with the service provider in charge of facilities management. We are in a financial dispute that takes up time and team energy: the CIO spends a third of his time negotiating prices with the service provider. We have a lot of operating problems and last year was a horror story: crisis cells every day, and a major financial application down for a month and a half.

When I took over as CEO, I decided to change everything. I started by replacing the CIO with a highly capable operational manager. To reorganize the IT department, I picked someone who had no IT background, but had a reputation for being a good listener.

It's not that the previous CIO was a poor listener, but his teams were organized exclusively around particular projects, and in particular, there was no entity in the organization dedicated to monitoring the service provider.

The first mission I gave the new CIO was to restructure the IT department, which meant creating an operations department (to monitor the facilities management) and recruiting skills from the outside. The initiative was viewed favorably by the operational side. Now it works better. We're not looking to launch any new projects. The priority is to make sure that projects are successfully completed and that they meet the needs of the operational teams.

The CIO is a good manager, but I've noticed he finds it difficult to keep within budget. To help him, I step in to support him when there's a crisis, I perform arbitration, and I help him find solutions."

CIO:

"In March 200X, I was appointed Chief Information Officer. That isn't my background: I came from the company's traditional line of business. So why did they approach me? At that time, the CIO was seen as being too technological and was suspected of selecting only the projects he was interested in, of being more concerned with projects than with operations, out of touch with ground level, not caring about the users. The top management decided to replace the CIO with someone from the operations side: I accepted the challenge.

We suffered from having an ill-conceived outsourcing setup. We had lost technical and operational control over our own systems. The cursor was pointing to the wrong place. Our IT subsidiary didn't have a good image, but now our service provider's image isn't any better.

My priority is to restore order to the facilities management contract and improve relations with the BUs. My first action was to set up a task force for managing the contract and to put people in charge of operations. Our information systems have a long way to go before they contribute to performance or allow us to differentiate on the business side; that isn't on the cards yet, far from it. I will be credible in this area once the projects start to come right. If we can bring any differentiation, it can only be in our interaction with the BUs.

The CEO helps me to think big: we prepare dossiers together, that helps us come up with the right ideas. He also spurs me on to set priorities. Every week we have a one-hour update meeting.

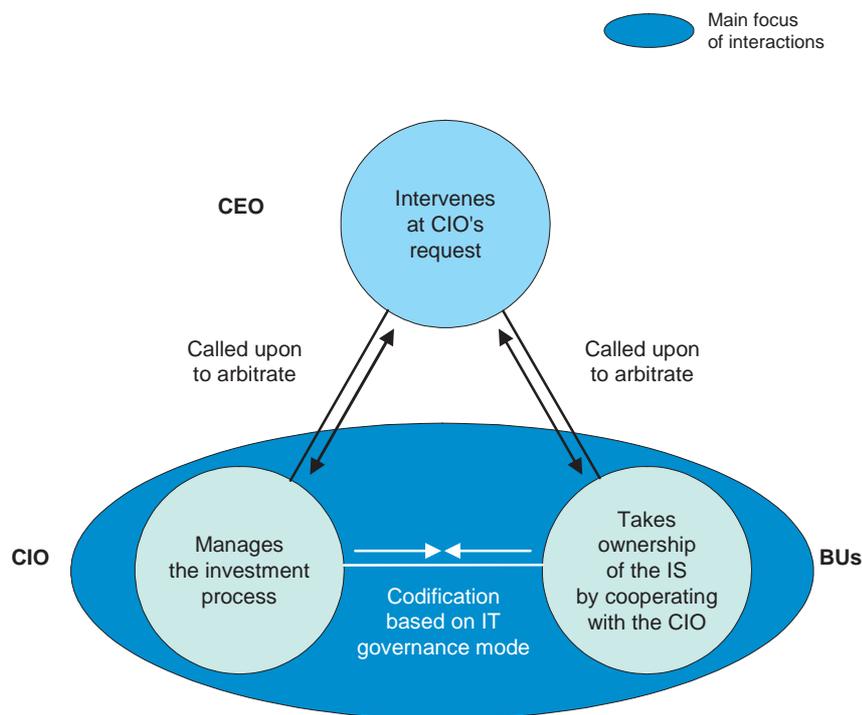
Type II companies

■ OPTIMIZING INFORMATION SYSTEM INVESTMENTS

- Profile of companies in situations of this type

The companies that operate in this type of situation are those where the top management is mainly concerned with controlling IT spending, and sees the information system as a mission-critical tool, but one whose contribution to value creation is difficult to measure (see Exhibit 12).

Exhibit 12: Diagram of type II interactions



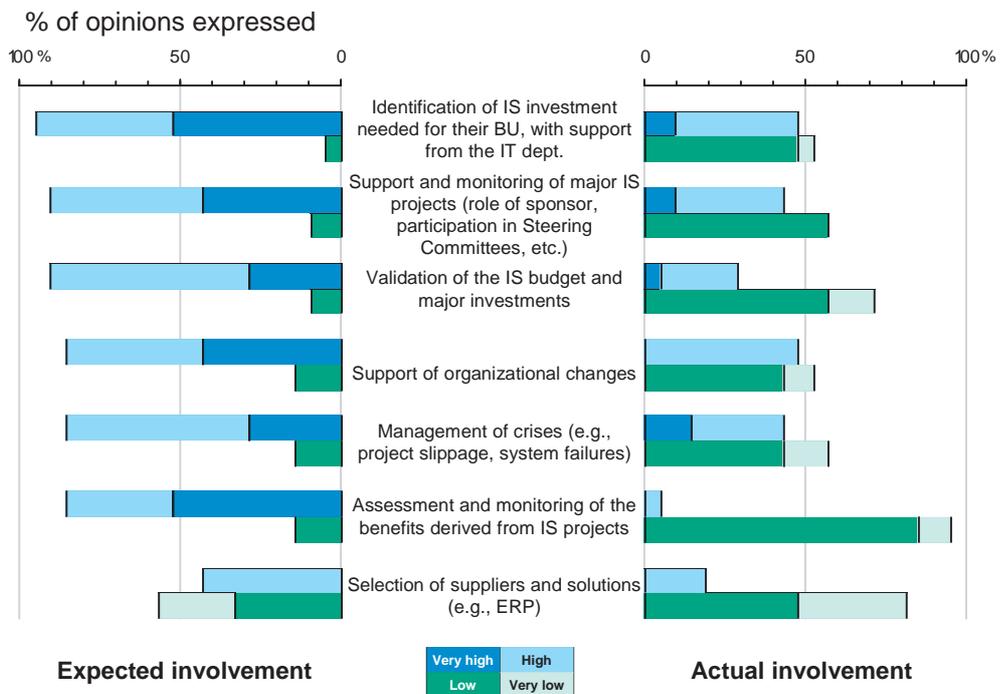
The great majority of the companies surveyed belong to this category, which represents a logical development that follows on from solving the IT problem. The transition to the next stage, by contrast - leveraging the information system to transform the company - is still a difficult passage to negotiate, requiring a far-reaching change in the modes of relationship between CEO, CIO and BU managers. Many of the respondent companies have not yet found the keys to this change and so find themselves "stuck half-way".

- A dynamic centered on the relationship between CIOs and BU managers

In companies seeking to optimize their IT investments, the previous resolution of an IT problem has often fostered a relationship of trust between the CEO and the Chief Information Officer. Once the crisis is over, the CEO steps back to some extent, leaving the CIO face to face with the BU managers to optimize the management of the information system:

- The CEO partially loses interest in the information systems as they no longer represent an urgent problem, and entrusts the responsibility for managing them to the CIO and the BUs. He no longer seeks to intervene, except occasionally - at the request of the IT department or BUs - to support initiatives, resolve conflicts or arbitrate on key issues. His priority now is to ensure that spending is kept under control, and for that reason he wants the CIO and BU managers to work together in managing the information system. The involvement of the BU managers, however, is deemed insufficient relative to the importance of the IS question, especially as regards the evaluation and monitoring of the project benefits, and the mechanisms for facilitating change (see Exhibit 13);

Exhibit 13: Expected involvement and perceptions of actual involvement of BU managers in IS questions: the CEO's view



Source: Annex; CEO questionnaire 2001-2002, question 17

Type II companies

■ OPTIMIZING INFORMATION SYSTEM INVESTMENTS

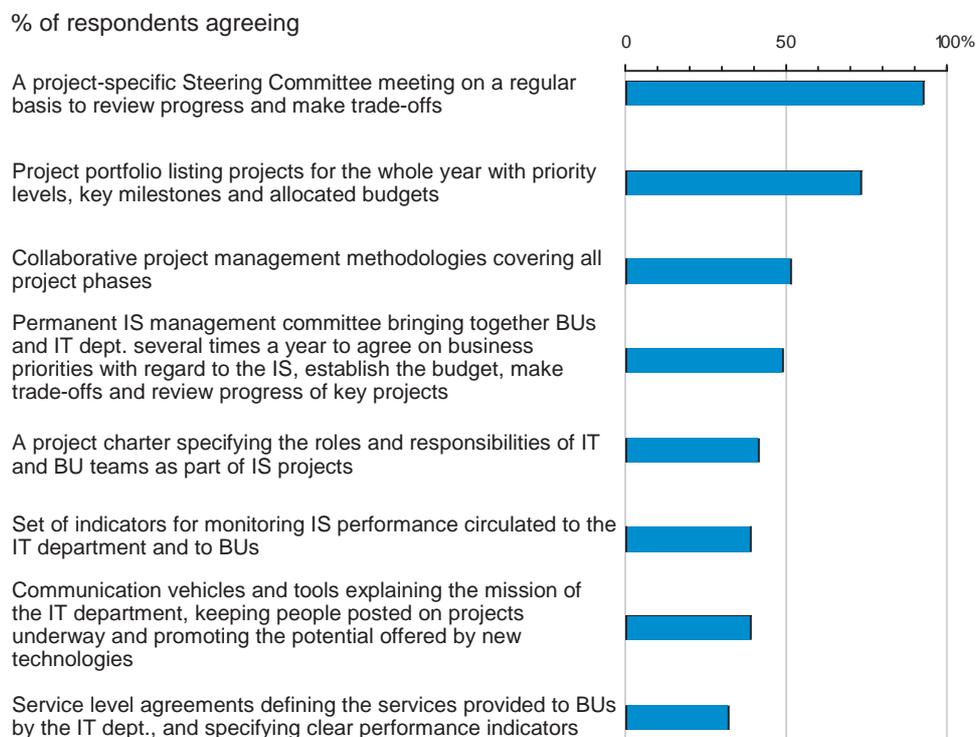
- The CIO is placed in a managerial position, chiefly responsible for introducing rigorous investment evaluation and selection procedures. His attributions lead him primarily to conduct projects and collaborate closely with the BUs. The CIO may however encounter difficulties in his relations with the BUs, especially if, in the past, solving the IT problem led to tense periods of arbitration and conflict. Where this is the case, in order to identify and capture the benefits from the information system, he tends to insist on more formal IS governance and more strictly defined structures and modes of interaction between the IT department and the BUs. Only a minority of the companies have managed to set up permanent mechanisms (beyond interactions in project mode) for structuring the IT/BU relationship. Only one in three, for example, have defined service contracts and fewer than half have a permanent IS strategy committee (see Exhibit 14).

CIOs and BU managers find it difficult to work jointly to manage the IS.

identify and capture the benefits from the information system, he tends to insist on more formal IS

governance and more strictly defined structures and modes of interaction between the IT department and the BUs. Only a minority of the companies have managed to set up permanent mechanisms (beyond interactions in project mode) for structuring the IT/BU relationship. Only one in three, for example, have defined service contracts and fewer than half have a permanent IS strategy committee (see Exhibit 14).

Exhibit 14: Mechanisms implemented for structuring the IT/BU relationship



Source: Annex; CIO questionnaire 2001-2002, question 8

- **BU managers show varying degrees of interest in the information system.** Some of them seek to reconnect with the tool by collaborating with the IT department, thereby improving their understanding of the company's information system and its impact on operational performance, and gaining a clearer picture of the implications of integrating IS governance processes with those of the BU. Others lose interest in a subject where they do not perceive the immediate relevance for the BU, and which seems to have been downgraded in the CEO's list of priorities. On a more basic level, CIOs and BU managers spontaneously adopt different points of view on several aspects linked to the conduct of projects (see Exhibit 15).

Exhibit 15: Differences of perspective between CIOs and BU managers in project mode

Project mode related aspects	Perspective of the CIO	Perspective of the BU manager	Risks
Challenges/ performance indicators	Costs, quality, lead times, compliance with indicators	Final impact, effectiveness and risk management, tight constraints linked to imponderable factors	Each party suspects the other of missing the point
Pace and milestones	Architecture, test phase and implementation; focus on provision of technical resources	Financial allocation, definition of needs, adoption by users	Difficulty of joint BU/IT involvement
Capacity to mobilize resources	Strong, with internal and external situation-specific options	Low, as a result of fluctuating priorities for operational problems	Project structure ignores BU's own "capacity for action"
Project culture	Strong, since part of critical skills	Low, unless real experience in the operational conduct of projects	Poor understanding of project key success factors

"I have two experiences of conducting IS projects: one success, one failure. The failure stemmed from the fact that we couldn't find anyone to oversee the project ownership. As far as the successful experience is concerned, we managed to get the project owners involved from the outset, then we benefited from a wedge effect with the IT department: the more the project progressed, the more the project owners got involved with it. Things were done jointly all along, and not at all in compartment mode, by which I mean a mode where the teams operate exclusively within the framework defined by the governance process. I was able to observe the effectiveness of this approach at first hand, as the other members of the Executive Committee had allowed themselves to get locked into a cycle of incomprehension about the IS. If you don't speak up straight away when you don't understand something, then you haven't got a hope. You mustn't be afraid to say so: on the one hand, it forces the IT people to explain things, to see if they've really understood it themselves, and on the other, if you hesitate, you'll get left behind and will be out of your depth for the rest of the project" (BU manager).

■ OPTIMIZING INFORMATION SYSTEM INVESTMENTS

● The limits of operating "at arm's length"

As a way out of the IT crisis, many companies have had to formalize the interactions and respective responsibilities of the IT department and Business Units. Where they have not succeeded in establishing a relationship of mutual trust and respect between the parties, they find themselves caught up in what we call the "arm's length" mode of operation.

In this mode of operation, everything relies on adopting systematic procedures to perform pre-defined tasks. The participants' roles and structures operate

By pushing for too much formalization, the CIO risks making the existing differences even worse.

mechanically, inflexibly, and the resulting interactions give rise to polarized perceptions: winner/loser, leader/follower,

us and them. This mode does nothing to dispel misunderstandings between CIO and BU managers, and the situation becomes more conflictual with each misunderstanding:

- It maintains existing tensions between project management and project ownership with the idea that either "side" holds a position incompatible with the other's. The CIO focuses on the frontier laid down between project management and project ownership, and the allocation of tasks between the IT department and the BUs, while the BUs envisage a more flexible distribution of roles, providing the distribution is clearly defined;

"The project management / project ownership relationship, which sets in as a permanent feature, becomes self-perpetuating and slides towards a jailer-prisoner relationship". "The operatives don't understand that they didn't spell out all the details, and claim 'it was obvious from the context'. The IT department claims that the users didn't express their needs clearly, or that their view of the needs has changed" (BU manager).

- It aggravates these tensions through a lack of transparency between the two sides and through daily expressions of mutual misunderstanding;

"There's always this suspicion with IT about the length and complexity of projects. We don't know how they work, or what they want". "The IT people tend to treat the users like idiots (...) the message we hear is that they have the knowledge, and no-one else". "The IT service has a reputation for incompetence: you ask them for something simple, it takes them forever, and you can't get anyone on the phone after a certain time of day" (BU manager).

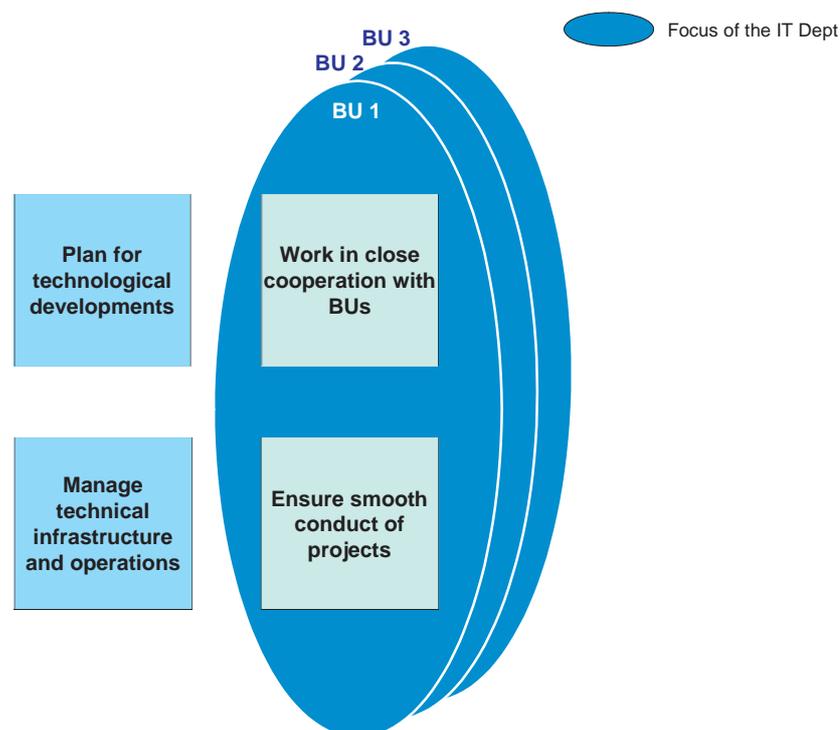
- It amplifies tensions with a form of technical IT reporting that serves to highlight problems and forces everyone to defend their "own side".

"Our reporting process has a negative side-effect in that it creates friction in project meetings over costs and deadlines. I see eye-to-eye with the project director but our bosses [the BU manager and the CIO] somehow always manage to focus on bones of contention". "When I look at the monthly scorecards they send me, they're of no use to me (...). At meetings, we spend too much time talking about the figures - about the form rather than the content - and all because of the poor presentation" (IS assistant for a BU).

The study has brought to light a number of best practices which enable companies to move beyond the "arm's length" mode. They rely partly on a pragmatic breakdown of responsibilities between IT and BU - this must be flexible enough to accommodate the different specificities and expectations of the various BUs - and partly on the implementation of joint BU/IT responsibility through mixed teams in which the owner/manager distinction is blurred. These practices are set out in the next chapter (Changes in dynamics).

Of the CIO's four fields of activity, type II companies mainly draw on those that involve managing the department's relationships with each of the BUs (see Exhibit 16).

Exhibit 16: Activity focus for type II situations



■ OPTIMIZING INFORMATION SYSTEM INVESTMENTS

■ ILLUSTRATION

CIO:

"We devote one meeting a year of the Executive Committee - the CEO, the VP and myself - to our information systems. The committee deals mainly with budget decisions. In the mean time, I'm pushing for systematic and officially recognized IS committees, involving the operational managers, so that we don't have to keep going to the Executive Committee for a decision.

The initiatives that we launched to help users appropriate the information systems haven't been very successful in practice. For example, we set up a department, consisting of highly experienced people, to facilitate the use of information systems in the enterprise; it was supposed to provide an ownership framework and assist users by pinpointing the weaknesses of the system. But we didn't follow it through to its logical conclusion: now the department is too focused on standard reporting to fulfill its original purpose of helping the users to appropriate the system.

The IT department uses a total billing system, but since not everyone consumes the same things, and since we have no figures for the total cost of ownership, we can't issue invoices on the basis of precise indicators, which is very frustrating.

We are currently introducing business criteria for project initiators. These criteria - created at my initiative and validated by the top management - will be used upstream and downstream of projects for monitoring benefits and to improve the project success rate indicators, which is precisely what we're looking for. It's up to the operational managers to ensure that benefits are captured, but they don't currently do any formal monitoring, or if they do, they don't apply it to every project. Some of them put up resistance because they want their own IS structure, and others feel they're not being well served by the current arrangement, and that the IT department doesn't listen to them enough to help them solve their problems."

BU manager:

"The CIO has historically operated in a one-to-one relationship with the CEO - just like the BUs - which has led to a divergence with what the BUs wanted.

On Project X, I lost my temper with the CIO: I told him the project was set up at our request because we needed it, and not to keep the IT teams supplied with work. The setup whereby you have an IT department selling tools to users is a recipe for mayhem: I'm all in favor of new tools, but only if they meet my needs. The IT department should set up a database that works, and should help us to create the useful developments that we are looking for. I don't need an IT department that tells me what I need; I want to know how to do what I want to do.

For example, we needed a forecasting tool, X, and the IT department came up with a really bulky in-house development instead of an industry-standard software package. That gives me the impression that the IT department isn't trying to meet our needs so much as to offer us the most complete and sophisticated tool possible - which isn't what we actually need.

We have no visibility on the real cost of projects: nothing seems to seep out from the IT department. As things currently stand, we have no way of knowing how much our information system costs. As for our IT costs, they are reallocated on the income statement by the EIG!"

Type III companies

■ LEVERAGING THE INFORMATION SYSTEMS TO TRANSFORM THE COMPANY

● Profile of companies in this type of situation

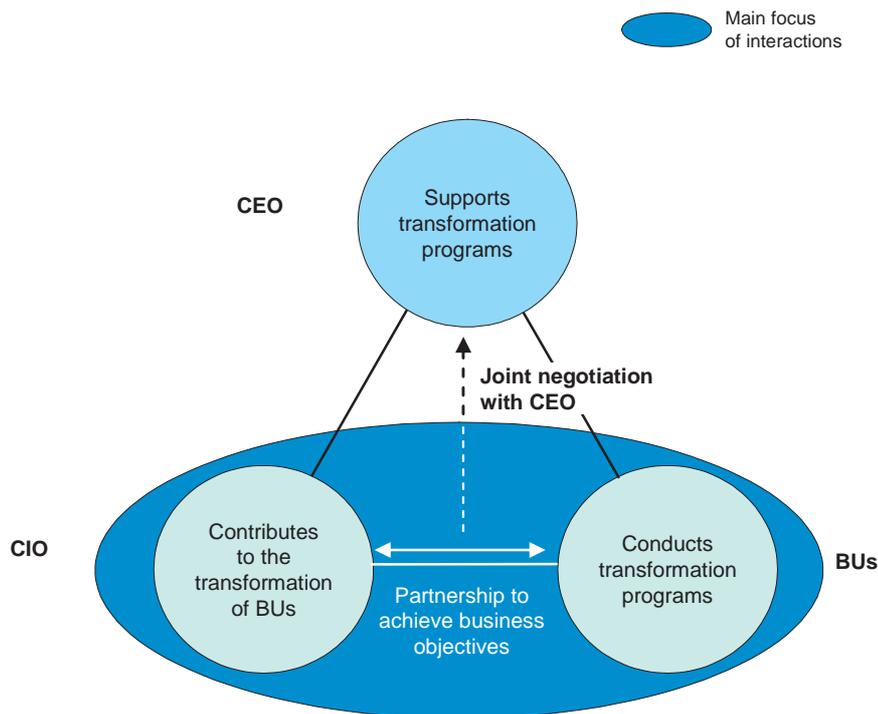
Only a small number of the companies in this survey belong to this category. They are those where the standard IS-related activities (design, development, operation, user assistance, etc.) are deemed to be "in hand": IT costs are under control, and IT has ceased to be a constant preoccupation. The

Using information systems to transform the company, or some of its BUs, requires a profound change in the way management teams relate to each other on IS questions.

IS can now be thought of as a lever for transforming the organization, improving operational performance, or reconfiguring the BUs (see Exhibit 17).

IS can now be thought of as a lever for transforming the organization, improving operational performance, or reconfiguring the BUs (see Exhibit 17).

Exhibit 17: Diagram of type III interactions



Two variants of this model are encountered, depending on whether the impetus for transformation emanates from the CEO, to be applied to the whole company, or from close cooperation between the IT department and certain BUs.

- **The transformation of the whole company at the initiative of the CEO**

When the impulse is given by the CEO, the information system is perceived by the whole company as a lever for transforming the organization, and it is the CEO's personal investment in the issue that makes it possible for the target benefits to be captured. The IT department focuses on close collaboration with the BUs and on planning technology upgrades in order to optimize IT demand, both by cutting costs and by improving the efficiency of the system. The supply of technical services and operations needs only to be kept under control and may, in some cases, be delegated by the CIO to a Technical Director. The relational dynamic in this type of situation is characterized by four elements:

- **The CIO must be able to fully integrate the management team and be seen as a partner who puts the interests of the company first, rather than seeking to preserve the status quo for the IT department. The qualities called for in the CIO are, in this case, different from those developed in solving the IT problem or optimizing investments. If the required competency does not emerge internally, the top management may need to recruit an outside specialist who shares the CEO's vision and objectives;**

- **The transformation of the company often coincides with the launch of major programs, such as ERP implementation, as part of a wider drive to harmonize and optimize business processes. These projects act as a catalyst for new thinking about IS structures and the mode of collaboration between the IT department and the BUs, while engaging the company in a dynamic of profound transformation;**

"Nobody [among the BU managers] was interested in the IT department. For them, it was the guys they went to see when they wanted a new laptop. Then came the decision to deploy an ERP solution across the entire Group. It was the first time we had done a cross-functional project. Together [with the CIO] we recruited a 60-strong team and a team leader in-house - people of no mean ability. Suddenly it was all hands on deck at the BUs, otherwise they'd lose sales! Now they're all convinced of its importance" (CEO).

- **The CEO acts as an engine for the transformation of the company, relying on the IT department and the CIO, who act as change agents. This role calls for strong personal involvement on the part of the CEO to ensure that the transformation is a success;**

"I have been the leader of the transformation project from the outset. It takes up a lot of my time. We have mobilized more than 30 people in-company full time for 6 months to a year. The initial steering committee is still in place, and I remain in charge of it to monitor implementation" (CEO).

Type III companies

■ LEVERAGING THE INFORMATION SYSTEMS TO TRANSFORM THE COMPANY

- **The CIO's role evolves to integrate a greater number of operational duties.** He may, for example, manage the IT service in tandem with back-office operations or certain support functions. At the same time, he must be able to rapidly train up managers from the IT department to handle the day-to-day management of the IT resources.

"The CIO already has responsibilities on top of his existing job. He manages the joint back-office services. He has to implement a new role distribution in certain functions between Head Office and the Group's various companies. There are processes to be changed and modified. We'll be starting with finance. There are other things he could do, but that will be for the next phase. When the resource is sound, there are always several routes you could follow" (CEO).

- **The transformation of a BU via a partnership between the BU manager and the CIO**

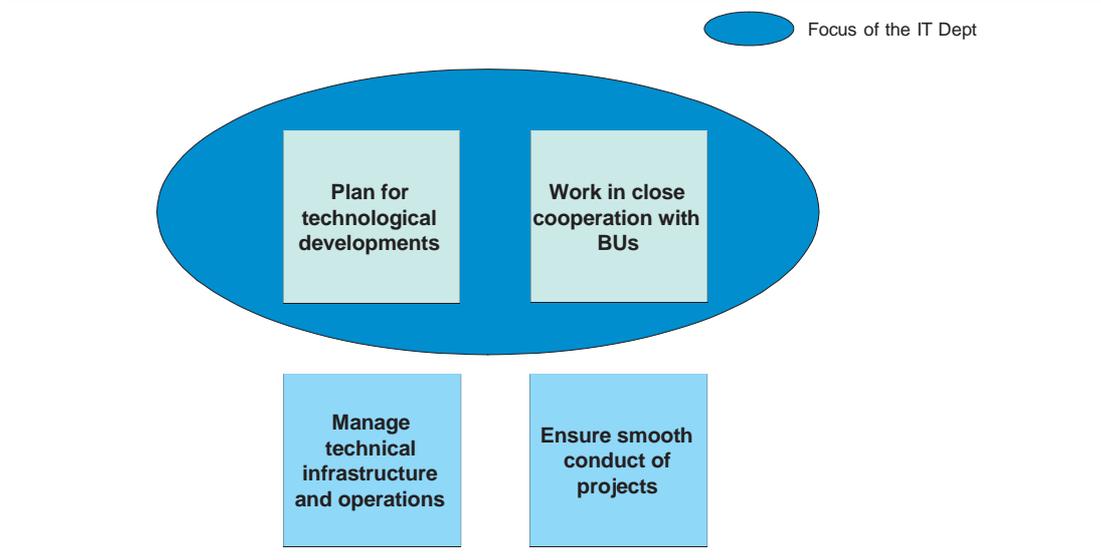
This relational mode is a variant of the preceding situation. In some companies, the importance of the information system may be viewed differently by different BUs, or the CEO may not feel the need for personal involvement in broad programs of transformation across all the BUs.

In such cases, a close IT-BU relationship can develop within particular BUs, at the instigation of the CIO, and can serve as the basis for a constructive partnership. This enables the BU managers to appropriate the information system and integrate IS governance with the governance of the BU, as part of the overall partnership.

IT is a lever of transformation like any other, and the information system is managed using the same governance model as the rest of the company.

In type III companies, out of the four fields of activity, the CIO will prioritize change management in collaboration with the BUs (see Exhibit 18).

Exhibit 18: Activity focus for type III situations



■ ILLUSTRATION 1

CIO:

"When we were setting up the new organization in France, we had to create BU steering committees to ensure consistency across the various axes of the matrix. I took the opportunity to make sure each BU steering committee would also follow up the IS-related questions that came within its scope. This way, in addition to operational projects, the same managers also take care of IS projects. Each committee has its own BU-SI pairing to make sure the dossiers are properly prepared. The committees are all co-chaired by a ground-level operational manager and a functional manager from Head Office, in order to establish a two-way dialog between Head Office and the field.

Managers are not allowed to get anyone to deputize for them on these committees. That way the same team learns to work together in a wide range of areas: marketing, sales, IT, and so on. Additionally, the pairing that puts together the committee dossier presentations learns what is relevant to the Committee and what isn't..

Type III companies

■ LEVERAGING THE INFORMATION SYSTEMS TO TRANSFORM THE COMPANY

Another advantage of these committees is that they have replaced the traditional 'project steering committees' which always suffer from poor participation and whose membership is open to influence... well, you know the story! That isn't possible any more: every project leader knows he will have to participate. At the outset some of them tried to get out of the new BU committees, but they were sent right back by the BUs themselves: now, whether it's BU matters or IT matters, these committees are the only ones to make decisions.

Finally, although I can't prove it, I'm convinced that overall everyone spends less time in meetings".

■ ILLUSTRATION 2

CEO:

"Look at Mr. X's business card: it says he's the 'Vice-President with responsibility for Information Systems', not the Chief Information Officer. The same goes for the VP Customer Services. In the management team we are all jointly responsible for the company's results - not just for our own particular patch.

In France, we tend to have management committees where everyone presents his own corner and is careful not to say anything about the work of his buddy. For me, procedures that segment decision-making in that way are an aberration. In our company, we are all part of the management team, including the CIO, who is a fully integrated member. We work together on every subject."

CIO:

"We were eager to restore users' confidence in the information system: our quality of service was low because the roles were not being properly performed, and we weren't having much success with our projects. Our initiative worked so well that now the BU managers probably know the information systems better than I do: they know the projects like the back of their hand, and understand their scope and implications.

We have a management board system, involving the full management team - strictly no deputies. This team participates in all the steering committees with the branches concerned, offering concrete assistance and making decisions. For example, every quarter we get together for the maintenance committees, which manage the project and infrastructure portfolios and decide on their strategic priority.

A similar procedure is used for the steering committees, which convene the BU managers, the CEO, and the project leader.

We always try to align projects to our strategic priorities, rather than manage them with one eye on the balance sheet. The priorities are refined on a quarterly basis and translated into action plans via the projects. We prefer to operate by envisaging IS solutions for specific initiatives rather than starting from a long list to which everyone has added a pile of projects, and then have a committee do a hat-check job on the budgets when December comes around. Our way makes for a much smoother budget process."

BU manager:

"Our cooperative mode of operation comes from the CEO. His commitment alongside the Chief Information Officer forces us to stay on schedule and avoids different branches working on the same subject in parallel, without sharing knowledge or resources, each one focusing exclusively on its own responsibilities.

In the project committees, I act as vice-president and as BU manager at the same time: I don't just look after my own backyard, I consider the interest of the company. For example, if a decision has to be made about a resource in my BU, I can put on my hat as VP and steering committee member and detach that resource, which avoids a certain number of problems. From taking part in all these committees you end up picking up some of the IS culture, which gives you a better understanding of the issues, and the benefits of having the steering committees.

Maybe, in terms of structures, there are still some improvements to be made, but once you've established a climate of trust between BU and IT, and mutual understanding within a management team made up of real professionals, then this mode of operation - based on trust, on informality - works well.

When I have a doubt about something, I don't hesitate to go ask the CIO what he thinks. And the same is true, for example, when we're developing a new workstation: the CIO will come and present things to me, and ask me if it fits the ground-level reality, rather than lock himself away in a bunker until we reach the point of no return. Because we can trust each other's knowledge and ability, we don't have to rely entirely on processes to make everything work well.

This informal communication style has to work at every level in the company to avoid turf wars within teams. It's also important so that the teams understand their respective constraints. Our role - my role and that of the CIO - is to keep our teams talking to each other, and to be there to arbitrate jointly when things get tense: we don't have to refer every single blockage up to the Management Committee."

White paper

■ <u>Executive Summary</u>	7
■ <u>Perspectives of the key actors</u>	13
■ <u>Three recurrent situations and their relational models</u>	29
■ Changes in dynamics due to transitions between models	52
Describes the shift that occurs in the dynamics when the situation is transposed from one relational model to another, and the best practices that enable such transitions to be effectively managed, avoiding the pitfalls observed in certain cases and maintaining the cohesiveness of the management team.	
■ <u>Appendices</u>	63

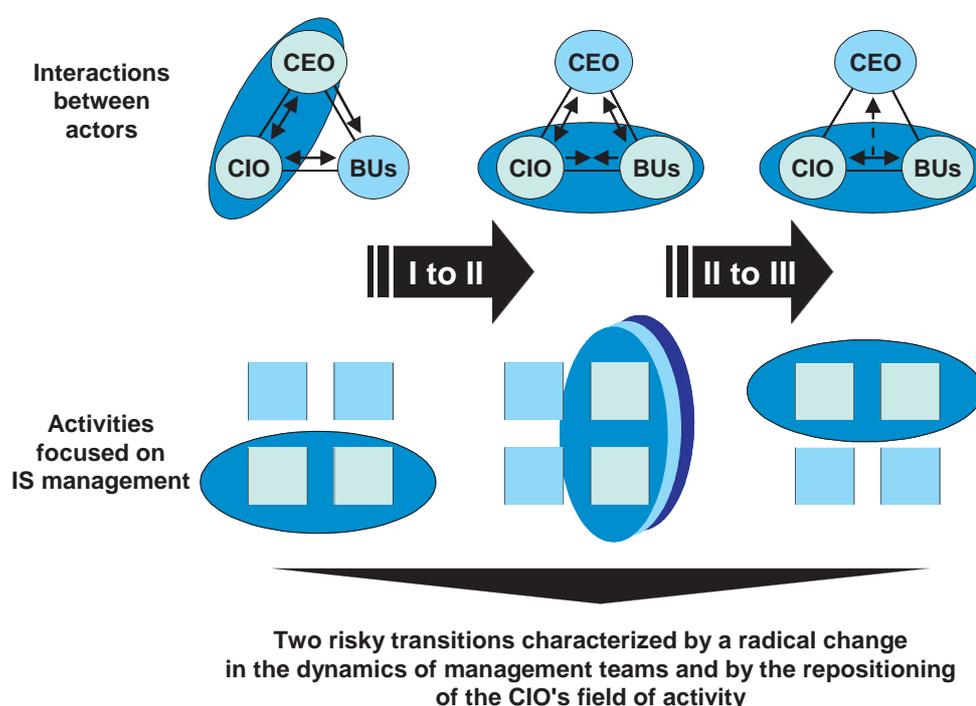
Changes in dynamics due to transitions between models

The mode of interaction between members of the management team has to change in order to adapt to progress in the information systems as well as to the different situations encountered (solving the IT problem, optimizing investments, transforming the company). It is clear from our study that the following transitions are fraught with dangers:

- The transition from solving the IT problem to optimizing investments;
- The transition from optimizing investments to leveraging the IS to transform the company.

For each of these transitions, this chapter describes the changes in dynamics at work in the relations between CEO, CIO and BU managers, and sheds light on the best practices for managing these transitions effectively, avoiding backsliding, and bringing the various actors together (see Exhibit 19).

Exhibit 19: The two inter-situational transitions



Transition from Type I to Type II

■ FROM SOLVING THE IT PROBLEM TO OPTIMIZING INVESTMENTS

- The change induced in the dynamic between the CEO, the CIO, and the BU managers

In the shift from a situation of IT crisis to one of optimizing the IT investments, the relational dynamic in the management team changes radically, modifying both the directionality and the intensity of the relationships, and the skills required of the CIO in order to manage them.

A transition that radically alters the relational dynamic and which - if mismanaged - can leave the company in a state of blockage.

- **Directionality of relations.** Whereas the initial situation was marked by the CEO's strong involvement and relationship of trust with the CIO, the new dynamic shifts to an almost exclusive relationship between the CIO and the BU managers. The CEO partially disengages from the IT problem, leaving the CIO and BU managers to handle the IT service to the best of their abilities;

"The previous CEO was focused on the IS. When we got a new CEO, for whom the information systems are not a priority, the whole situation changed. The IT department had to make do as best they could, without a central committee on hand to validate all the priorities. By 200X, we had no visibility on what had the green light from above and what didn't. We no longer had any large-scale projects to get the senior management involved" (BU manager).

- **Intensity of relations.** Solving IT problems requires frequent arbitration to temper the conflicts that can arise between the IT department and the BUs. In the transition to a situation of optimizing investments, the CIO and BU managers must find a more cooperative mode of operation;

"On one project, the CIO's proposition didn't fit our need, and it was our BU management that put the brakes on to stop the IT department getting us roped into something way too big for us. You say no, but they keep on insisting and then they take it up to senior management level..." (Manager in a BU).

Transition from Type I to Type II

■ FROM SOLVING THE IT PROBLEM TO OPTIMIZING INVESTMENTS

- **Competencies required of the CIO.** Once the IT problems have been solved, the CIO needs to spend more time working alongside the BUs rather than simply acting as guarantor for the supply of IT services. This repositioning calls for more interpersonal skills, psychology, and understanding of the BUs' role, whereas solving IT problems drew mainly on his technical knowledge.

"I'm sure the CIO can teach me things I don't know or don't see - I ask nothing more than to learn. The IT department know our business well, they've come to understand us, they see our needs when it comes to analysis, for example". "The last person you should put in charge of an IT department is an IT specialist. What you want is an enlightened user. Otherwise, he'll just focus on his teams and forget about relations with the BU managers" (BU manager).

Organizational paralysis must be avoided: this study highlights a number of best practices for managing change in CIO/BU manager relations and optimizing IT investments.

It can be difficult for CIOs to comprehend changes in the dynamics. Unless the right preparations are made, these changes can lead to deadlock.

- **Lines of progress with a view to optimizing IT investments**

Most of the difficulties observed between IT departments and BUs originate in the company's past: the relational dynamic was degraded during the resolution of the IT "problem", or close relations never became established between the protagonists. The first line of progress then consists in anticipating the impending transition during crisis situations:

- **The CIO** must build bridges with the BUs. He must take particular care to avoid deadlock situations and must refuse to see systematic arbitration by the CEO as the only way out. He must develop his ability to persuade the BUs. He must also avoid confusion and conflicts of interest between a position "on the same side of the table as the BUs" - eager to do his best to help the BUs create value - and his position as head of the IT department, eager to optimize its resources and improve its performance indicators. Finally, when tensions arise, he should avoid the temptation of shielding himself by formalizing the IT/BU relationship, at least until he has taken personal action to dispel any lingering misunderstandings with the BUs.

"The CIO directs all his persuasive powers towards the top management. That's dangerous". "He tries to position himself in a one-to-one relationship with the CEO, sometimes at the expense of listening to the BUs. That creates disparities with what we actually want" (BU manager).

- **The CEO** must pave the way, during the IT problem solving stage, for his gradual disengagement, so as not to leave the BU managers and the CIO suddenly face to face once the main difficulties have been overcome. He must in particular avoid systematically taking on the role of arbitrator; instead, he must strive to foster a constructive dialog between the IT department and the BUs.

- **The BU managers** must get involved at the earliest possible stage in defining the mechanisms for IS governance, in order better to appropriate the information systems.

"Major IS change projects are treated 'on an equal footing' with marketing or business development projects. They are launched and financed by the BUs, and the BUs have ownership over the decision-making process, with formal service contracts at market rates for the IT department, or outsourcing to an IT services company or an integrator" (BU manager).

Transition from Type I to Type II

■ FROM SOLVING THE IT PROBLEM TO OPTIMIZING INVESTMENTS

The second line of progress, for the CIO, consists in learning to understand the BUs better and working increasingly in partnership with them during the investment optimization phase:

- **The CIO must determine which BUs have the greatest appetency for IS**, i.e. which ones offer the best combination of IS maturity and readiness to progress. He can then build up a network from among the BU managers, identifying an "inner circle" with the aim of establishing a dynamic that will pull the others along in its wake;

"We have to deal with heterogeneous BUs that have differing approaches. Some of them don't even have any concept of project ownership, they tell the IT department: 'you're the ones who know what our needs are, just do your job'. Alongside that we have professionalized back-office managers who are no problem at all, for whom project ownership has even become a channel for advancement. For the less mature managements, we have asked for specific project ownership posts to be created and we call in outside help. We allow ourselves more time to draft the specifications. In any case, we have users who can't read 400 pages a week. You have to advance step by step" (CIO).

- **He must develop his business culture** in order to appear more in phase with the strategic and operational priorities of the BUs; he must intervene to optimize the IS contribution to priority business projects, and define progress indicators which look beyond the usual technical and budget criteria to evaluate the information system's contribution to operational performance.

"We really have to get away from the old image of the CIO with his 'I communicate, I circulate scorecards, but I can't actually get on with the job' when it comes to managing projects. For our big CRM project, we worked alongside the Distribution Network branch from the outset" (CIO). "We just threw everyone into the same box, and after a year we could no longer see the difference between BU and IT people (...) A lot of the defects we met with in the sequential approach [BU specification followed by IT department development] were smoothed out, but people were terrified at the idea of losing their landmarks and hierarchies. Interestingly, no specific group was more reticent than any other: it was above all a question of mindsets. It must be said, though, that it's a difficult process for us culturally. You have to identify straight away who wants to make a go of it and who doesn't" (BU manager).

Transition from Type II to Type III

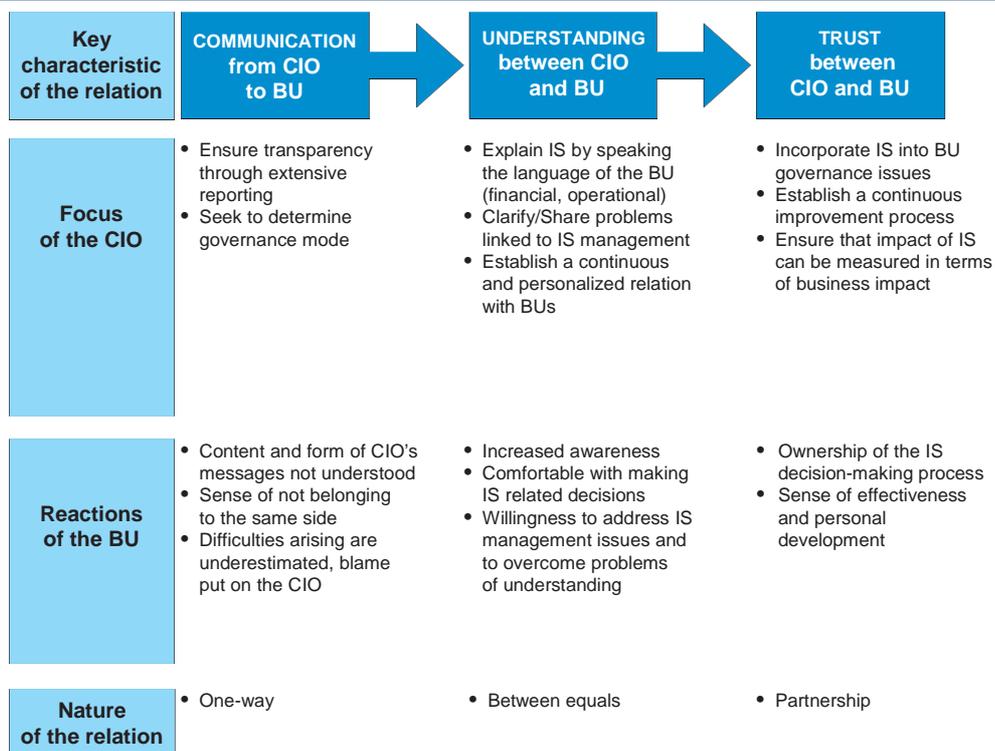
■ FROM OPTIMIZING INVESTMENTS TO TRANSFORMING THE BUS

- For the CIO, a shift from just communicating with the BUs to building a trusting relationship

The 'optimizing investments' situation is the one most commonly encountered in companies because the transition to the next model - leveraging the IS to transform the company - calls for profound changes in the relationship between the IT department and the BUs.

The CIO must be able gradually to establish a relationship of trust with some or all of the BU managers. This process is dependent on creating a virtuous circle of communication, understanding and trust (see Exhibit 20).

Exhibit 20: Making the CUT: Communication - Understanding - Trust



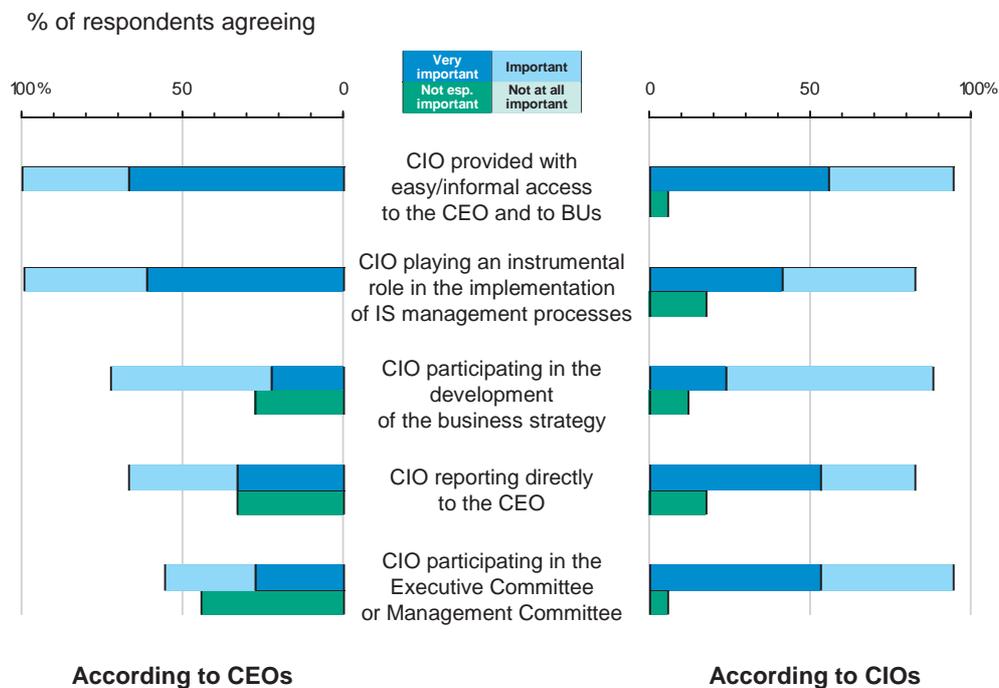
"I worked in concert with the Financial Director to make the steering committees more meaningful to the BU managers. By preparing meetings together, we gradually managed to get them to take an interest in the details of dossiers, and ask the right questions - they soon realized there are certain decisions that they are best placed to make. Now that the IT budgets are under control, I'm struck by the enthusiasm of certain BU managers: some of them even ask me how the IS can help them with new organizational methods" (CIO).

Transition from Type II to Type III

■ FROM OPTIMIZING INVESTMENTS TO TRANSFORMING THE BUS

This transition demands above all that the CIO develop his relational skills. Most of the CEOs and CIOs in the survey agree that the primary success factor for CIOs lies in easy and informal contact with the members of the management team. To be effective, contact must be initiated by the CIO: it cannot be imposed or legitimized by a hierarchical bond. For half of the CEOs interviewed, the formal position of the Chief Information Officer (e.g. directly attached to the top management, participating in the Management Committee or the Executive Committee) is not a key success factor (see Exhibit 21).

Exhibit 21: Key success factors for CIOs to act effectively



Source: Annex; CEO questionnaire 2001-2002, question 21; CIO questionnaire 2001-2002, question 24

- **Four lines of improvement to facilitate closer relations between CIOs and BU managers**

The transition to a situation of "leveraging the IS to transform the company", with all the changes it entails, may be difficult, but there are certain pointers to progress that can be utilized by CIOs and BU managers to narrow the gap between their perspectives and allow them to operate as partners (see Exhibit 22).

The CIO must make the first step in the direction of the BUs in order to lessen differences of perception about the nature of his role, the performance of the IS, and the conduct of projects.

Exhibit 22: Overcoming differences of perspective in project mode between the IT department and the BUs

Project mode related aspects	Perspective of the CIO	Perspective of the BU manager	Pointers on how to narrow the gap between perspectives
Challenges/ performance indicators	Costs, quality, lead times, compliance with indicators	Final impact, effectiveness and risk management, tight constraints linked to imponderable factors	Harmonize the transversal perspective of the CIO with the vertical perspective of the BU manager
Pace and milestones	Architecture, test phase and implementation; focus on provision of technical resources	Financial allocation, definition of needs, adoption by users	Implement common performance criteria
Capacity to mobilize resources	Strong, with internal and external situation-specific options	Low, as a result of fluctuating priorities for operational problems	Ensure continuity between IS projects, change management and business operation
Project culture	Strong, since part of critical skills	Low, unless real experience in the operational conduct of projects	Reconcile project execution speed of IT department with resource constraints on BUs

- **Harness the CIO's transversal role** in dealing with BU-specific questions. The IT department's different conception about roles is inherent to its cross-functional mission: it is concerned with overall optimization, while the BUs are focused on their own particular needs. This 'transversal' perspective may be perceived as divorced from the operational reality of a particular BU - just as the BU's specialist perspective may be considered limited - but the IT department and BUs can foster a dialog in which each party can be enriched by the other's conceptions. The CIO must draw on his personality and on his interpersonal skills to create opportunities for

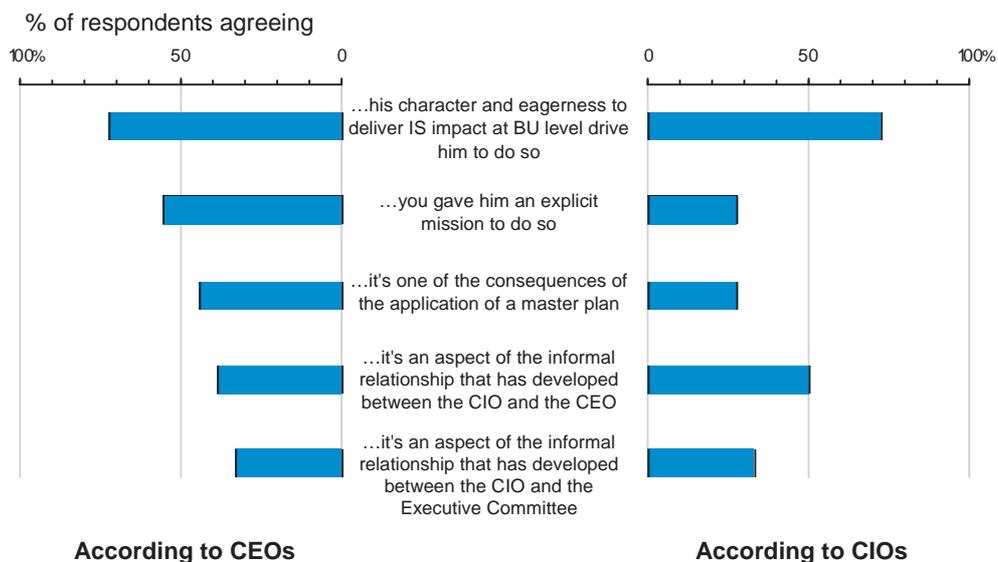
Transition from Type II to Type III

■ FROM OPTIMIZING INVESTMENTS TO TRANSFORMING THE BUS

exchange. More than half the CEOs consider that they have given their CIO an explicit mandate to perform such a role, whereas the CIOs themselves see it as an unofficial product of their own informal network (see Exhibit 23);

"The traditional software development methods are archaic; the users are right when they say they don't understand our jargon. I'm working with certain suppliers - small firms, for the most part - on project approaches that users can relate to. It's not easy, but at least we're trying" (CIO).

Exhibit 23: If the CIO helps the CEO to identify and address transversal issues (e.g. inconsistencies between BU strategies or between short- and long-term priorities), is it because...



Source: Annex; CEO questionnaire 2001-2002, question 20; CIO questionnaire 2001-2002, question 23

"The CIO must be able to see the bigger picture, must have a cross-functional vision that can harmonize the priorities of the BUs with those of the company". "The CIO must take a position on transversal aspects and not get bogged down in IT activities" (BU manager).

- **Define common performance criteria** between the IT department and the BUs in order to clarify and harmonize each party's objectives. The criteria should, as far as possible, be oriented towards the final impact on the BUs and should avoid getting lost in a sea of technical details which would not be understood by the BUs;

"Before, the project ownership came from the BU, and the project management from the central IT department. With Project X, we introduced dual responsibility, which made for faster progress: the BU manager and I worked together from the outset, using the same performance criteria". "One should insist on joint BU/IT responsibility for projects, and it has to be made tangible in very real ways, such as using the same criteria for the variable part of either contribution, and taking equal responsibility for the result when you present it to the Board. You have to avoid situations where one makes requests while the other does the work" (CIO).

- **Ensure continuity between project mode and change management.** The IT department tends to prioritize the smooth conduct of projects, while the BUs prioritize the operational effectiveness of the information systems. Continuity is made easier when the CIO and the BU managers think in terms of "total cost of ownership" by identifying the post-project needs and jointly allocating resources to them upstream;

- **Reconcile each party's resource constraints.** The IT department wants to move quickly, and has the internal and external resources to do just that; the BUs need time to free up resources and check the relevance of the specifications at every step. Necessary adjustments may include adapting the schedule to the constraints of the BUs, or helping the BUs to use prototyping to model the end system.

"Our CIO seems to think that if things go wrong it's because the users don't know how to express their needs, or because they don't get involved as much as they should. It's easy for the IT department to push: they've got the resources, they just add on a consultant or two. The problem is the users: there's only so much they can take in". "We're always on the go; no sooner do we finish one project than we're thinking about the next; the CIO has brought in a system of time-outs to give us all a breather" (BU manager).

White paper

Appendices

■ Presentation of the study, analytical approach 64

Describes the modalities employed for the study, which was conducted in two consecutive waves. 2002: analysis of the dynamics of the CEO / CIO relationship. 2003-2004: analysis of CIO/BU relations. Also lists the participating companies.

■ Results of CEO/CIO questionnaires 69

Recapitulates the quantitative results of the 2001-2002 study. Also presents the structure of the questionnaires used for the CEOs and the CIOs, and sets out the results for each question in detail.

■ Results of CIO/BU questionnaires 79

Presents the quantitative results of the 2003-2004 study. Also presents the structure of the questionnaires used for the CIOs and the BUs. The result for each question is expressed as a percentage.

Presentation of the study

This study of the relational dynamics surrounding information systems was conducted in two phases. In 2001-2002, we set out to describe the dynamics of the CEO - CIO relationship. This was supplemented in 2003-2004 by our study of the interactions between CIOs and BU managers. This appendix describes the approach followed for both phases.

Analytical framework

The dynamics of CEO - CIO - BU manager relations were analyzed in the light of the formal and informal contexts to which they belong:

- Formal context: situation, orientation and official operating scope of the company's information systems;
- Informal context: culture, experiences, practices and networks of influence.

Approach

This project was conducted by analyzing in depth the modes of relations between CEOs, CIOs and BU managers and by identifying as precisely as possible, from a relational angle, the points of convergence and divergence between the members of the management team on the subject of information systems (see Exhibit 1).

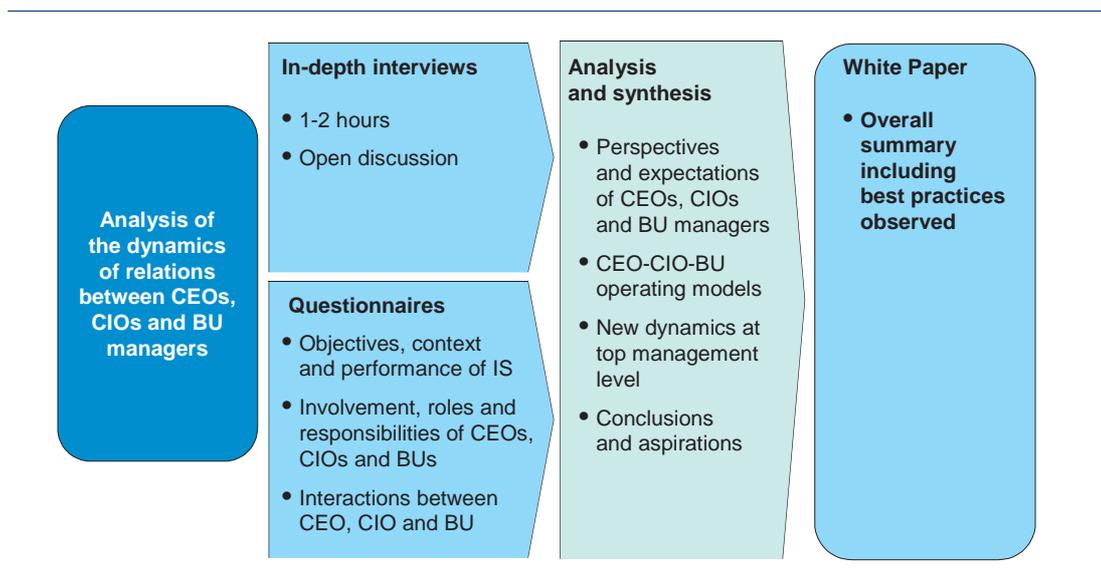
In-depth interviews (1 to 2 hours) were conducted with a cross-section of CEOs, CIOs and BU managers at some thirty major French corporations in order to understand the modalities of their relations and the factors that affect their modes of operation. The interviews made use of open questions so as not to restrict the answers and to leave the respondents ample liberty of expression. Three themes were discussed:

- Situation and objectives of the company's information systems;
- Allocation of roles and responsibilities, and the mode of interaction within the company's management team (purpose, frequency and context);
- Level of satisfaction with this mode of operation, and experiences that have helped it to evolve.

To supplement these interviews, questionnaires - containing about thirty multiple-choice questions (see Appendix) - were sent to the participating companies in order to obtain a qualitative and quantitative sample to measure their degree of convergence on:

- The objectives, risks and contribution of the information systems;
- The roles and responsibilities of the CEO, CIO and BU managers;
- Relations between CEO, CIO and BU managers.

Exhibit 1: Project approach



Confidentiality rules

Rigorous mechanisms were put in place throughout the project to ensure the confidentiality of the data collected and the transfer of knowledge between the two phases:

- **Data from interviews.** The one-on-one interviews were conducted by a limited number of McKinsey consultants. The exact details of the data gathered, and the names of the interviewees, are known exclusively to these consultants;
- **Data from questionnaires.** The questionnaires were sent to the companies by Cigref, and the answers were collated directly by McKinsey. To ensure the confidentiality of the data, an identification number was assigned to each company by Cigref. The answers collated by McKinsey bore this number, along with other elements required for purposes of analysis, but mentioned neither the name of the company nor the names of the interviewees.

Project evolution

The first phase of the project, starting in 2001, focused on the dynamics of the CEO - CIO relationship. A white paper was published on this subject in November 2002.

This publication received substantial press coverage. By providing - for the first time - a factual basis for these questions, it provoked debate in many boardrooms on how best to apprehend IS-related issues.

Following the success of the earlier report, 2003 saw the launch of a second phase with the aim of probing deeper into the insights of the first white paper, notably by incorporating the CIO- BU manager relationship.

Project organization

The project was initiated by Jean-François Pépin, Delegate General of Cigref and Eric Monnoyer, Principal, and head of the Business Technology Office, at McKinsey France.

It was reviewed by a guidance committee made up of Cigref Board members:

- Francis Aaron, CIO, Groupe Bolloré
- Pascal Buffard, CIO, Axa France
- Hubert Certes, CIO, Ondeo
- Georges Epinette, CEO, STIME.

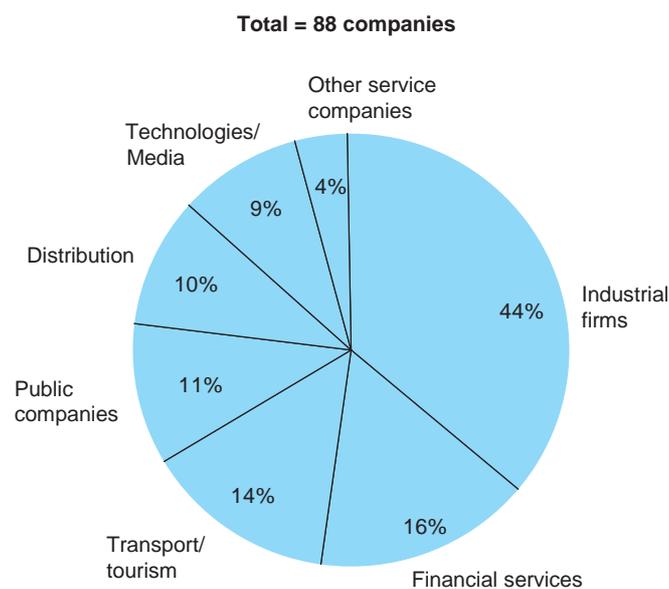
The interviews, questionnaires and drafting of the white paper were performed by a team of consultants led by Stéphane Bout and David Dorn, Engagement Managers at McKinsey's Business Technology Office.

Bernadette Babault, a McKinsey expert specializing in organizational questions, also participated in the interviews and in writing the white paper.

Participating companies

This survey involved some 90 major French corporations, members and non-members of Cigref, most of them with net sales of more than 2 billion euros. The sample base covers most business sectors (see Exhibit 2).

Exhibit 2: Sector breakdown of participating companies



Of these companies, 31 agreed to participate by granting interviews (82 interviews were conducted with management teams), and the others participated by questionnaire. The list of participating companies is as follows:

AG2R	Danone	Natexis Banques Populaires
Air France	Delmas	Nexans
Allianz AGF	Dexia - Credit Local	Nexity
Alstom	Disney	NMPP
Altadis	Essilor	Novartis
ANPE	Framatome	Ondeo
Antargaz	France Télécom	Pechiney
AP-HM	Gaz de France	PSA Peugeot Citroën
Arcelor	Geodis	Radio-France
Arianespace	Groupe Soufflet	RATP
Autodistribution	Grupo Espirito Santo - Via Banque	Renault VI
Autoroutes du Sud de la France	Hermès International	Réunica
Aventis	Hospices Civils de Lyon	Rexel
Axa	Hyparlo	Rhodia
Azur GMF	INA	SAPRR
Banque de France	JC Decaux	SCOR
BIC	Kraft Foods	Société Générale
Bolloré	La Française des Jeux	Socopa
Bonduelle	La Poste	Sodexo
Caisse des Dépôts	Lagardère	TDF
Canal +	LDC	Thomson
Cecab D'Aucy	LD Com	Ugine Alz
Cereol	Le Foyer Assurances	Ugine Savoie
CNAM-TS	LIDL-France	Unedic
CNAV-TS	L'Oréal	Usinor SI
CNES	Louis-Dreyfus Négoce	Valeo
Cofinoga	LVMH	Vallourec
Crédit Agricole SA	Lyonnaise des eaux	Vediorbis
Crédit du Nord	Matra Auto	
Crédit Lyonnais	Médéric	

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Results of the CEO questionnaire (2001-2002 survey)

CIO/CEO relations IN MAJOR FRENCH COMPANIES

Survey conducted by



CEO QUESTIONNAIRE

RESULTS

The information gathered during this survey is kept confidential. The findings will be presented in aggregate form so that no individual interviewee or company can be identified.

For each question, the percentage score corresponds to the answers given by respondents.

1. What are the current strategic priorities of your company?

	Very important	Important	Not esp. important	Not at all important
Expand through external growth	10	38	33	19
Improve profitability	95	5	0	0
Develop new products and markets	23	68	9	0
Achieve communicated profit objectives	59	36	5	0
Enhance skills and develop talents	23	73	4	0

2. What are the priority IS themes of your company?

	Very important	Important	Not esp. important	Not at all important
Capturing the opportunities offered by new technologies	0	67	33	0
Making IT investments pay off	41	45	9	5
Controlling or reducing IT expenditures	36	59	5	0
Aligning IT investments with BU priorities	59	36	5	0
Strengthening the skills of IS teams	5	68	27	0
Outsourcing all or part of IS-related activities	5	9	77	9
Improving existing IS reliability or security	23	59	18	0

3. For each of the following missions, what contribution do you expect from your company's information systems? What is their actual level of contribution?

	Expected contribution				Actual contribution			
	Very high	High	Low	Very low	Very high	High	Low	Very low
Provide key management indicators	55	36	9	0	0	36	59	5
Reduce/Improve the reliability of management tasks	45	45	10	0	0	55	40	5
Support innovation	5	45	50	0	0	22	64	14
Improve sales effectiveness	36	45	19	0	0	41	50	9
Improve manufacturing/logistics effectiveness	31	64	5	0	5	52	43	0
Enable the capture of synergies	23	55	13	9	0	23	64	13

4. In your opinion, what are the reasons for the gaps, if any, between the expected contribution and the actual contribution that the IS makes to your company?

	Very important factor	Important factor	Not esp. important factor	Not relevant
Limited investment capacity	9	18	68	5
Insufficiently rigorous selection of investments	18	36	36	10
Weaknesses in the conduct of IS projects	13	55	32	0
BUs' lack of involvement in IS projects	27	45	23	5
IT teams' lack of business knowledge	14	43	38	5
Immature technologies	0	9	73	18
	5	18	45	32

5. How do you rank your information systems against those of competitors?

Ahead	22
At the same level	50
Behind	23
Difficult to assess	5

6. In what IS-related activities are you involved?

	Never	Exceptionally	Regularly	Systematically
Identification of IS investments needed for implementing the business strategy	0	36	28	36
Validation of the IS budget and of major investments	0	0	32	68
Support and monitoring of major IS projects (role of sponsor, participation in Steering Committees, etc.)	0	23	41	36
Selection of suppliers and solutions (e.g., ERP)	14	45	23	18
Management of crises (e.g., project slippage, system failures)	9	36	41	14

7. From whom do you usually seek a second opinion on complex IS issues?

	Never	Exceptionally	Regularly	Systematically
From the CIO	0	0	32	68
From the BU manager concerned	0	19	38	43
From a key executive not involved in the issue	25	60	10	5
From an external advisor – on an unofficial basis	62	33	5	0
From external advisor – on an official basis	19	43	33	5

8. Are you personally called on to communicate on your company's information systems?

	Never	1-2 times/year	1-2 times/quarter	1-2 times/month	1-2 times/week
Intra-company communication					
Executive Committees	5	27	50	18	0
Works Council meetings	55	35	5	5	0
Board of Directors meetings	48	42	10	0	0
Employee briefing meetings	30	50	20	0	0
External communication					
Interview or press releases	82	18	0	0	0
Presentations to financial analysts	62	33	5	0	0
Trade events	100	0	0	0	0

9. What are your major concerns regarding IS related risks in your company?

	Very worrying	Worrying	Not esp. worrying	Not worrying
Constraints on the company's strategic actions (fewer/delayed actions)	14	50	27	9
Disruption to the operational activities of the company	31	55	14	0
Loss/Dissemination of confidential information	10	24	61	5
Excessive spending	14	67	19	0
Unprofitable investments	24	57	19	0
Overstretching the company's business resources	0	62	38	0

10. What actions do you take to control these risks?

Personal involvement in all key decisions and monitoring of major projects	86
Limitation on and strict control over the investment budget	68
Insisting on an external, neutral and objective opinion	18
Setting up decision-making and monitoring committees	64
Making BUs accountable	82
Making the CIO accountable	95
Reinforcing internal IS skills	36
Outsourcing certain IS activities	14
Enforcing rigorous contractual relations with suppliers	50

11. What is your personal level of interest in information systems?

Very low	Low	High	Very high
0	18	68	14

12. What is your level of understanding of the company's IS?

	Very low	Low	High	Very high
Current key applications	0	41	59	0
Strengths and weaknesses of current applications	0	36	59	5
Priority upgrade requirements	0	18	64	18
Key projects	0	9	68	23
Target map of applications	14	57	24	5

13. Do you consider that your understanding of IS is sufficient for...

	Yes	No
Making the right IS decisions?	64	36
Capturing the IS improvement potential at BU level?	50	50
Discussing IS choices with BU managers?	86	14
Discussing IS choices with the CIO?	73	27
Talking to suppliers about their propositions?	27	73
Recruiting a CIO?	82	18

14. During your career, what experiences have helped you develop your understanding of IS?

Answer 1: No personal experience in this area
 Answer 2: Few insights gained into IS
 Answer 3: Some insights gained into IS
 Answer 4: Major insights gained into IS

	1	2	3	4
Direct involvement in an IS project	18	0	41	41
Participation in IS Steering Committees	13	5	41	41
Discussions with your CIO	5	4	43	48
Discussions with other CEOs	32	32	27	9
Presentations delivered by suppliers	14	52	24	10
Reading of reports or articles	14	32	45	9
Informal discussions	18	59	18	5

15. How do you keep posted on the new opportunities offered by IS?

	Yes	No
Discussions with other CEOs	45	55
Discussions with your CIO	100	0
Presentations delivered by suppliers	64	36
Reading of reports or articles	73	27
Informal discussions	45	55

16. What type of IT tools do you personally use?

	Yes	No
E-mail system	95	5
Office automation software (Word, Excel, Powerpoint, etc.)	77	23
Decision-support tools	14	86
Management applications (e.g., validation of purchasing requests)	14	86
Internet	86	14

17. What do you expect from your BU managers with regard to IS? What is their actual involvement?

	Expected involvement				Actual involvement			
	Very high	High	Low	Very low	Very high	High	Low	Very low
Identification of IS investment needed for their BU, with support from the IT dept.	55	41	5	0	14	36	45	5
Validation of the IS budget and major investments	32	59	9	0	9	22	55	14
Support and monitoring of major IS projects (role of sponsor, participation in Steering Committees, etc.)	41	50	9	0	9	36	55	0
Assessment and monitoring of the benefits derived from IS projects	55	31	14	0	0	10	80	10
Support of organizational changes	45	41	14	0	0	50	41	9
Selection of suppliers and solutions (e.g., ERP)	0	45	32	23	0	23	45	32
Management of crises (e.g., project slippage, system failures)	27	59	14	0	14	31	41	14

18. How would you assess the influence of IS suppliers on your company's decision-makers?

	Very low	Low	High	Very high
On the Top Management	27	59	14	0
On BUs	5	55	35	5
On the Purchasing Department	16	58	26	0
On the IT Department	0	14	86	0

19. What do you expect from your CIO?

	Very important	Important	Not esp. important	Not at all important
Participate in the development of the company and BU strategies by incorporating IS aspects	41	45	14	0
Identify technological opportunities and promote them at BU level	27	68	5	0
Design and build the applications/infrastructure needed for implementing the BU strategy	73	22	5	0
Anticipate risks and IT upgrade requirements	77	18	5	0
Develop and manage IS smoothly and at the lowest cost	45	50	5	0
Establish a rigorous process for selecting investments	31	64	5	0
Select high-performing suppliers	55	45	0	0
Be the custodian of the company's information base	29	57	14	0
Support the integration of the company's various functions	9	59	32	0

20. If your CIO helps you identify and address transversal issues (e.g., inconsistencies between BU strategies or between short - and long-term priorities), is it because ...

	Yes	No
...you gave him an explicit mission to do so?	59	41
...his character and eagerness to deliver IS impact at BU level drive him to do so?	73	27
...it's an aspect of the informal relationship that has developed between you?	36	64
...it's an aspect of the informal relationship that has developed between the CIO and the Executive Committee?	32	68
...it's one of the consequences of the application of a master plan?	45	55

21. Which of the following elements do you consider important in enabling the CIO to fulfill his role effectively?

	Very important	Important	Not esp. important	Not at all important
CIO reporting directly to the CEO	32	41	27	0
CIO participating in the Executive Committee or Management Committee	27	32	41	0
CIO participating in the development of the business strategy	23	50	27	0
CIO playing an instrumental role in the implementation of IS management processes	50	50	0	0
CIO provided with easy/informal access to the CEO and to BUs	64	36	0	0

22. What qualities and prior experiences do you consider essential for a CIO?

	Very important	Important	Not esp. important	Not at all important
Qualities				
Knowledge of the industry	32	36	32	0
Knowledge of the company	36	36	28	0
Business acumen	29	42	29	0
Technical skills	27	73	0	0
Communication skills	64	31	5	0
Political flair	18	27	50	5
Management skills	23	73	4	0
Team leadership	73	18	9	0
Creativity	23	59	18	0
Prior experiences				
Operational/business-specific	20	45	35	0
CIO	32	59	9	0
Management of major IS projects	41	50	9	0

23. In your opinion, what are the possible career development opportunities for a CIO?

	Very possible	Possible	Unlikely	Not possible
Head of a BU	18	55	27	0
CEO	9	45	41	5
Head of another function	23	68	9	0
CEO of an IT service provider	45	50	5	0
CIO in another company	82	18	0	0

24. What is the purpose of your discussions with your company's CIO? Generally speaking, are you satisfied with these interactions?

	Purpose of discussions				Satisfaction			
	Never	seldom	Some-times	Often	Very high	High	Low	Very low
Sharing views on business strategy and priorities	0	18	41	41	14	64	18	4
Identifying IS investments required for implementing the BU strategy	0	0	36	64	23	63	14	0
Validating IS budget and major investments	0	0	23	77	23	72	5	0
Validating major IS decisions (e.g., solution/supplier selection)	0	14	41	45	33	67	0	0
Managing IT crises (e.g., project slippage, system failures)	5	8	55	32	14	76	10	0
Reviewing the progress of major IS projects.	0	5	31	64	31	64	5	0
Discussing personal objectives and career	0	27	68	5	0	75	25	0

25. How, and how often, do you interact with your CIO?

	1 - 2 times/year	1 - 2 times/quarter	1 - 2 times/month	1 - 2 times/week
Committee meetings	18	50	23	9
Face-to-face meetings	14	27	45	14
Written note or e-mail	10	19	23	48

26. How many hours a month do you spend on face -to-face meetings with your CIO?

3.4 hours/month

27. Who initiates these interactions?

	Never	Exceptionally	Regularly	Systematically
You	0	23	68	9
Your CIO	0	14	82	4

28. What changes could make your interactions with your CIO more productive?

	Yes	No
More time for such interactions	67	33
More frequent interactions in a less formal context	29	71
Focus discussions more on business challenges and less on costs	62	38
Avoid computerese and technical discussions	33	67

29. If you had more time to spend on IS issues, what share of this time would you devote to...

	None	Low	Large	Very large
Own involvement in IS projects?	14	29	57	0
IS committees?	10	48	42	0
Interactions with your CIO?	0	14	59	27
Discussions on IS with your BUs?	0	18	64	18
Discussions with other senior executives?	0	29	61	10
Presentations delivered by suppliers?	5	81	14	0
Reading IS reports?	6	67	29	0

Results of the CIO questionnaire (2001-2002 survey)

CEO/CIO relations IN MAJOR FRENCH COMPANIES

Survey conducted by



McKinsey&Company

CIO QUESTIONNAIRE

RESULTS

The information gathered during this survey is kept confidential. The findings will be presented in aggregate form so that no individual interviewee or company can be identified.

For each question, the percentage score corresponds to the answers given by respondents.

1. What are the current strategic priorities of your company?

	Very important	Important	Not esp. important	Not at all important
Expand through external growth	9	39	32	20
Improve profitability	69	29	2	0
Develop new products and markets	27	50	17	6
Achieve communicated profit objectives	66	32	2	0
Enhance skills and develop talents	12	60	26	2

2. What are the priority IS themes of your company?

	Very important	Important	Not esp. important	Not at all important
Capturing the opportunities offered by new technologies	15	48	35	2
Making IT investments pay off	46	41	13	0
Controlling or reducing IT expenditures	37	50	13	0
Aligning IT investments with BU priorities	60	32	6	2
Strengthening the skills of IS teams	13	58	25	4
Outsourcing all or part of IS-related activities	5	15	40	40
Improving existing IS reliability or security	28	43	23	6

3. For each of the following missions, what contribution is expected from your company's information systems? What is their actual level of contribution?

	Expected contribution				Actual contribution			
	Very high	High	Low	Very low	Very high	High	Low	Very low
Provide key management indicators	25	62	13	0	2	47	51	0
Reduce/Improve the reliability of management tasks	34	53	13	0	6	75	19	0
Support innovation	9	28	54	9	0	24	63	13
Improve sales effectiveness	19	62	13	6	2	43	46	9
Improve manufacturing/logistics effectiveness	32	51	11	6	4	64	26	6
Enable the capture of synergies	21	36	34	9	2	36	56	6

4. In your opinion, what are the reasons for the gaps, if any, between the expected contribution and the actual contribution that the IS makes to your company?

	Very important factor	Important factor	Not esp. important factor	Not relevant
Limited investment capacity	9	27	53	11
Insufficiently rigorous selection of investments	11	30	46	13
Weaknesses in the conduct of IS projects	7	43	48	2
BUs' lack of involvement in IS projects	26	57	13	4
IT teams' lack of business knowledge	4	23	62	11
Supplier deficiencies	4	12	67	17
Immature technologies	4	24	52	20

5. How do you rank your information systems against those of competitors?

Ahead	32
At the same level	53
Behind	14
Difficult to assess	6

6. Which of the following activities are carried out by your company's CIO?

Development of the IS strategy based on business needs	90
Development of the target application and technical architectures	100
Development, maintenance and operation of applications	96
Implementation and operation of the technical infrastructure	94
Management of the budget and optimization of IS expenditures	98
Management of the relations and contracts with IS suppliers	98
User support	94
Role of project manager for key IS projects	92
Role of owner for key IS projects	38
Continuous improvement of the company processes	33
Provision of integrated services (e.g., accounting, payroll)	29

7. In your company, how do BUs organize themselves for handling IS related issues?

BUs have designated permanent IS leaders who consolidate and structure the IS needs of their unit and manage the relation with IT department teams	40
BUs have set up a permanent team playing the role of IS project owner, collecting and structuring needs, and jointly conducting projects	25

<p> BUs have designated permanent process owners in charge of identifying IS improvement opportunities and needs with the support of the IT department </p>	29
<p> BUs do not have any permanent IS liaison person but designate an <i>ad hoc</i> liaison person for each project </p>	56
<p> BUs rely on external resources (assistance to the project owner) </p>	33
<p> BUs have entrusted the role of project owner to the IT department </p>	29
<p>8. What mechanisms have been implemented for structuring the relationship between BUs and the IT department?</p>	
<p> Permanent IS management committee bringing together BUs and IT dept. several times a year to agree on business priorities with regard to the IS, establish the budget, make trade-offs and review progress of key projects </p>	49
<p> Project portfolio listing projects for the whole year with priority levels, key milestones and allocated budgets </p>	72
<p> Service level agreements defining the services provided to BUs by the IT dept., and specifying clear performance indicators </p>	34
<p> Set of indicators for monitoring IS performance circulated to the IT department and to BUs </p>	
<p> Communication vehicles and tools explaining the mission of the IT department, keeping people posted on projects underway and promoting the potential offered by new technologies </p>	43
<p> A project charter specifying the roles and responsibilities of IT and BU teams as part of IS projects </p>	43
<p> A project-specific Steering Committee meeting on a regular basis to review progress and make trade-offs </p>	94
<p> Collaborative project management methodologies covering all project phases </p>	53
<p>9. How is the IT dept involved in the development of the business strategy?</p>	
<p> IT department brings in its cross-functional and detailed knowledge of the company processes and submits IS-based improvement proposals </p>	42

<p> IT department submits IS -based improvement proposals </p>	42																																																																																
<p> IT department does not participate in the development of the business strategy </p>	46																																																																																
<p>10. In your company, what process is used for developing IS strategy?</p>																																																																																	
<p> IS strategy and BU strategy developed independently </p>	6																																																																																
<p> IS strategy derived from the BU strategy </p>	66																																																																																
<p> Integrated IS and BU strategies developed simultaneously </p>	28																																																																																
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	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Expected involvement</th> <th colspan="4">Actual involvement</th> </tr> <tr> <th>Very high</th> <th>High</th> <th>Low</th> <th>Very low</th> <th>Very high</th> <th>High</th> <th>Low</th> <th>Very low</th> </tr> </thead> <tbody> <tr> <td> <p> Identification of IS investment needed for their BU, with support from the IT dept. </p> </td> <td>40</td> <td>54</td> <td>4</td> <td>2</td> <td>2</td> <td>29</td> <td>49</td> <td>20</td> </tr> <tr> <td> <p> Validation of the IS budget and major investments </p> </td> <td>27</td> <td>47</td> <td>22</td> <td>4</td> <td>11</td> <td>34</td> <td>32</td> <td>23</td> </tr> <tr> <td> <p> Support and monitoring of major IS projects (role of sponsor, participation in Steering Committees, etc.) </p> </td> <td>62</td> <td>38</td> <td>0</td> <td>0</td> <td>13</td> <td>47</td> <td>36</td> <td>4</td> </tr> <tr> <td> <p> Assessment and monitoring of the benefits derived from IS projects </p> </td> <td>37</td> <td>57</td> <td>4</td> <td>2</td> <td>0</td> <td>13</td> <td>50</td> <td>37</td> </tr> <tr> <td> <p> Support of organizational changes </p> </td> <td>49</td> <td>45</td> <td>4</td> <td>2</td> <td>4</td> <td>30</td> <td>49</td> <td>17</td> </tr> <tr> <td> <p> Selection of suppliers and solutions (e.g., ERP) </p> </td> <td>4</td> <td>32</td> <td>34</td> <td>30</td> <td>4</td> <td>35</td> <td>26</td> <td>35</td> </tr> <tr> <td> <p> Management of crises (e.g., project slippage, system failures) </p> </td> <td>22</td> <td>61</td> <td>17</td> <td>0</td> <td>9</td> <td>42</td> <td>38</td> <td>11</td> </tr> </tbody> </table>		Expected involvement				Actual involvement				Very high	High	Low	Very low	Very high	High	Low	Very low	<p> Identification of IS investment needed for their BU, with support from the IT dept. </p>	40	54	4	2	2	29	49	20	<p> Validation of the IS budget and major investments </p>	27	47	22	4	11	34	32	23	<p> Support and monitoring of major IS projects (role of sponsor, participation in Steering Committees, etc.) </p>	62	38	0	0	13	47	36	4	<p> Assessment and monitoring of the benefits derived from IS projects </p>	37	57	4	2	0	13	50	37	<p> Support of organizational changes </p>	49	45	4	2	4	30	49	17	<p> Selection of suppliers and solutions (e.g., ERP) </p>	4	32	34	30	4	35	26	35	<p> Management of crises (e.g., project slippage, system failures) </p>	22	61	17	0	9	42	38	11
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<p>12. How would you assess the influence of IS suppliers on your company's decision-makers?</p>				
	Very low	Low	High	Very high
On the Top Management	33	54	13	0
On BUs	19	58	23	0
On the Purchasing Department	39	45	14	2
On the IT Department	7	37	49	7
<p>13. How are the benefits derived from IS projects analyzed and monitored?</p>				
<p>Assessment of the economic benefit (return on investment)</p>				
Economic benefit never assessed				17
Economic benefit assessed for major projects only				68
Economic benefit assessed for all projects				15
<p>Accountability of BUs for benefits</p>				
No commitment to deliver benefits				31
Informal commitment to deliver benefits ("moral commitment")				54
Formal commitment to deliver benefits ("contractual commitment")				15
<p>Monitoring of the capture of expected benefits</p>				
Benefits captured never monitored				44
Benefits captured monitored for major projects only				53
Benefits captured monitored for all projects				3

<p>14. How are IS projects implemented in your company with regard to teams involved and leadership?</p>				
	Never	Exceptionally	Regularly	Systematically
<p>Teams involved</p>				
Joint BU/IT team	7	23	40	30
Two coordinated teams (BU + IT)	6	34	41	19
Two independent teams (BU + IT)	80	12	8	0
<p>Project leadership</p>				
Single project leader from the IT department	8	48	28	16
Single project leader from the BU	36	36	24	4
Two project leaders working in pairs (BU + IT)	3	10	60	27

15. In which parts of IS projects are BU teams involved?

	Never	Exceptionally	Regularly	Systematically
Expression of needs	0	0	25	75
Participation in the selection of solutions and partners	4	33	48	15
Participation in the development of functional specifications	4	10	44	42
Validation of functional specifications	0	0	35	65
Participation in the development of scenarios/ test sets	4	23	40	33
Acceptance of the system	0	4	44	52
Development of user procedures/manuals	9	19	42	30
Participation in the development and delivery of training sessions	2	9	57	32
Conduct of changes enabling the capture of expected benefits	7	24	41	28
Assessment and monitoring of the benefits captured from projects	25	25	39	11

16. In what IS related activities is your CEO involved?

	Never	Exceptionally	Regularly	Systematically
Identification of IS investments needed for implementing the business strategy	4	20	43	33
Validation of the IS budget and of major investments	2	6	26	66
Support and monitoring of major IS projects (role of sponsor, participation in Steering Committees, etc.)	4	44	26	26
Selection of suppliers and solutions (e.g., ERP)	29	60	7	4
Management of crises (e.g., project slippage, system failures)	13	46	30	11

17. What are your CEO's major concerns with regard to IS related risks in your company? What are your major concerns with regard to IS related risks?

	For your CEO				For yourself			
	Very worrying	Wor-rying	Not esp. Wor-rying	Not wor-rying	Very wor-rying	Wor-rying	Not esp. Wor-rying	Not wor-rying
Constraints on the company's strategic actions (fewer/delayed actions)	28	30	35	7	36	26	36	2
Disruption to the operational activities of the company	60	27	13	0	69	27	4	0
Loss/Dissemination of confidential information	17	41	38	4	29	44	23	4
Excessive spending	35	44	19	2	21	54	25	0
Unprofitable investments	29	44	21	6	28	49	23	0
Overstretching the company's business resources	15	31	45	9	11	30	50	9

18. As CIO, what actions do you take to control these risks?

Personal involvement in all key decisions and monitoring of major projects	92
Limitation on and strict control over the investment budget	75
Requirement of an external, neutral and objective opinion	23
Implementation of decision -making and monitoring committees	92
Accountability of BUs	79
Enhancement of the skills of IS teams	71
Outsourcing of certain IS activities	38
Rigorous contracts with suppliers	73

19. What is your CEO's level of personal interest in information systems?

Very low	Low	High	Very high
4	35	46	15

20. In your opinion, what is the level of understanding of your CEO with regard to the company IS?

	Very low	Low	High	Very high
Current key applications	8	44	42	6
Strengths and weaknesses of current applications	10	52	33	5
Priority upgrade requirements	6	40	44	10
Key projects	2	15	52	31
Target map of applications	19	48	27	6

21. Do you consider that your CEO's understanding of IS is sufficient for ...

	Yes	No
Making the right IS decisions?	78	22
Capturing the IS improvement potential at BU level?	71	29
Discussing IS choices with BU managers?	66	34
Discussing IS choices with the CIO?	71	29
Talking to suppliers about their propositions?	22	78
Recruiting a CIO?	90	10

22. In your opinion, what roles should a CIO play?

	Very important	Important	Not esp. important	Not at all important
Participate in the development of the company and BU strategies by incorporating IS aspects	54	42	4	0
Identify technological opportunities and promote them at BU level	33	61	6	0
Design and build the applications/infrastructure needed for implementing the BU strategy	79	21	0	0
Anticipate risks and IT upgrade requirements	69	27	4	0
Develop and manage IS smoothly and at the lowest cost	29	65	6	0
Establish a rigorous process for selecting investments	26	64	10	0
Select high-performing suppliers	17	79	4	0
Be the custodian of the company's information base	46	33	21	0
Support the integration of the company's various functions	31	44	25	0

23. If you help your CEO identify and address transversal issues (e.g., inconsistencies among BU strategies or between short - and long-term priorities), is it because...

	Oui	Non
...it's an explicit mission he gave you?	23	77
...your character and eagerness to deliver IS impact at BU level drive you to do so?	87	13
...it's one of the aspects of your informal relationship?	53	47
...it's one of the aspects of the informal relationship between the Executive Committee and yourself?	40	60
...it's one of the consequences of the application of a master plan?	21	79

I do not help my CEO on this kind of issue

24. Which of the following elements do you consider important in enabling the CIO to fulfill his role effectively?

	Very important	Important	Not esp. important	Not at all important
CIO reporting directly to the CEO	50	37	13	0
CIO participating in the Executive Committee or Management Committee	57	30	13	0
CIO participating in the development of the business strategy	26	59	15	0
CIO playing an instrumental role in the implementation of IS management processes	44	44	11	0
CIO provided with easy/informal access to the CEO and to BUs	57	40	3	0

25. What qualities and prior experiences do you consider essential for a CIO?

	Very important	Important	Not esp. important	Not at all important
Qualities				
Knowledge of the industry	26	48	26	0
Knowledge of the company	46	35	19	0
Business acumen	43	52	3	2
Technical skills	6	56	38	0
Communication skills	73	27	0	0
Political flair	36	58	6	0
Management skills	31	63	6	0
Team leadership	73	27	0	0
Creativity	25	65	10	0
Prior experiences				
Operational/business -specific	17	47	36	0
CIO	24	39	37	0
Management of major IS projects	34	55	11	0

26. In your opinion, what are the possible career development opportunities for a CIO?

	Very possible	Possible	Unlikely	Not possible
Head of a BU	34	47	19	0
CEO	24	46	26	4
Head of another function	21	47	32	0
CEO of an IT service provider	64	32	4	0
CIO in another company	89	11	0	0

27. What is the purpose of your discussions with your company's CEO? Generally speaking, are you satisfied with these interactions?

	Purpose of discussions					Satisfaction		
	Never	seldom	Some-times	Often	Very high	High	Low	Very low
Sharing views on business strategy and priorities	9	22	39	30	16	41	32	11
Identifying IS investments required for implementing the BU strategy	4	13	48	35	13	46	39	2
Validating IS budget and major investments	4	9	37	50	11	61	24	4
Validating major IS decisions (e.g., solution/supplier selection)	11	35	39	15	14	55	22	9
Managing IT crises (e.g., project slippage, system failures)	11	33	43	13	13	56	22	9
Reviewing the progress of major IS projects.	2	17	48	33	9	58	33	0
Discussing your personal objectives and career	11	39	46	4	9	40	35	16

28. How, and how often, do you interact with your CEO?

	1 - 2 times/ year	1 - 2 times/ quarter	1 - 2 times/ month	1 - 2 times/ week
Committee meetings	18	30	39	13
Face-to-face meetings	20	33	27	20
Written note or e-mail	5	29	32	34

29. How many hours a month does your CEO spend on face-to-face meetings with you?

2.3 hours/month

30. Who initiates these interactions?

	Never	Exceptionally	Regularly	Systematically
You	7	51	37	5
Your CEO	2	23	67	7

31. What changes could make your interactions with your CEO more productive?

	Yes	No
More time for such interactions	71	29
More frequent interactions in a less formal context	53	47
Focus discussions more on business challenges and less on costs	67	33
Avoid computerese and technical discussions	27	73
The opportunity to discuss technical problems more frequently	11	89

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Presents the quantitative results of the 2003-2004 study. Also presents the structure of the questionnaires used for the CIOs and the BUs. The result for each question is expressed as a percentage.

Results of the BU questionnaire (2003-2004 survey)

BU/CIO relations
IN MAJOR FRENCH COMPANIES

Survey conducted by



BU QUESTIONNAIRE

RESULTS

The information gathered during this survey is kept confidential. The findings will be presented in aggregate form so that no individual interviewee or company can be identified.

For each question, the percentage score corresponds to the answers given by respondents.

CONTEXT OF THE BU

1. What category does your BU belong to?

Functional	39
Operational	61

2. With regard to IS and IT, are the following resources under your direct control?

Technical infrastructure (PCs, network, etc.)	11
IS project management teams*	22
IS project ownership teams**	72
IT investment budget	44
IT maintenance budget	39

IS-SPECIFIC CONTEXT

3. Beyond your BU, what are the priority IS themes of your company?

Capturing the opportunities offered by new technologies	61
Fostering organizational changes within the BU	72
Making IT investments pay off	61
Controlling or reducing IT expenditures	50
Aligning IT investments with BU priorities	72
Strengthening the skills of IS teams	22
Outsourcing all or part of IS-related activities	0
Improving IS reliability or security	50
Searching for competitive advantage in the company's market	39

4. How satisfied are you with the following interactions with your CEO?

	Satisfaction			
	Very high	High	Low	Very low
Allocation of resources to implement IS	7	66	20	6
Support for your BU priorities	29	65	6	-
Alignment of your priorities with those defined by the top management	35	59	6	-
Definition of the IS governance mode	6	56	38	-

5. In your company, what process is used for developing IS strategy?

IS strategy and BU strategy developed independently	11
IS strategy derived from the BU strategy	11
Integrated IS and BU strategies developed simultaneously	78

6. Is this strategy development process in line with your IS needs? Why?

Open question. Multiple qualitative answers

7. How does the project ownership/management relation bring the most value?

	Value			
	Very high	high	Low	Very low
By clarifying roles	56	44	-	-
By establishing a customer-supplier relation through separate reporting lines	37	38	19	7
By formalizing the working procedures between project ownership and project management teams	35	59	6	-
By clearly identifying required skills	44	44	12	-

8. How satisfied are you with your project ownership/management relation? Why?

	Satisfaction			
	Very high	High	Low	Very low
	11	78	11	-

PERFORMANCE AND CONTRIBUTION OF INFORMATION SYSTEMS

9. How do you rank your information systems against those of competitors?

Ahead	30
At the same level	30
Behind	17
Difficult to assess	23

10. For each of the following missions, what contribution do you expect from your company's information systems? What is their actual level of contribution?

	Expected contribution				Actual contribution			
	Very high	High	Low	Very low	Very high	High	Low	Very low
Reduce costs	23	59	18	-	-	29	59	12
Improve the performance of operating processes	41	59	-	-	-	47	53	-
Automate/Improve the execution of management tasks	59	41	-	-	6	65	23	6
Enable the capture of synergies	38	31	31	-	-	38	62	-
Support organizational change	23	59	18	-	6	35	41	18
Provide key performance indicators	59	23	18	-	6	53	35	6
Support innovation	18	35	35	12	-	29	53	18
Improve the service delivered to your customers	35	53	6	6	-	65	29	6
Support teamwork (workflows, etc.)	19	69	12	-	19	56	25	-
Create competitive advantage	31	12	57	-	-	25	69	6

11. In your opinion, what are the reasons for the gaps (if any) between the expected contribution and the actual contribution of the IS to your BU?

	Importance			
	Very important	Important	Not esp. important	Not at all important
Limited investment capacity	18	35	35	12
Insufficiently rigorous selection of investments	31	13	44	12
Weaknesses in the conduct of IS projects	29	24	41	6
Insufficient BU/IT dept. cooperation on IS projects	18	23	53	6
Inadequate translation of your business needs into IS specifications	6	53	41	-
Supplier deficiencies	6	31	25	38
Lack of concrete proposals from IT dept. with regard to the contribution of new technologies to your business	13	31	43	13
Immature technologies	-	12	70	18
No downstream accountability for capturing the benefits expected from the IS	35	35	18	12
Low involvement of CEO in IS issues	6	6	63	25
Lack of indicators to monitor the conduct of change	-	53	35	12

12. In your opinion, what is the impact on IS performance of the mechanisms that structure the relationship between the IT dept. and the BUs? What mechanisms have been implemented by your company?

	Impact on IS performance				Implemented by the company
	Very high	High	Low	Very low	
Permanent IS management committee bringing together BUs and IT dept. several times a year to agree on business priorities with regard to the IS, establish the budget, make trade-offs and review progress of key projects	47	53	-	-	89
Meetings on an ad-hoc basis between BUs and IT dept. to set business priorities with regard to the IS and to agree on trade-offs	7	57	22	14	50
Service level agreements defining the services provided to BUs by the IT dept., and specifying clear performance indicators	23	48	23	6	33
Regular and fact-based communication from IT dept. to BUs on IS performance (scorecards)	23	48	23	6	50
Proposals from IT dept. to upgrade the IS in line with business needs	25	50	13	12	33
Project charter specifying the respective roles (management/ownership) of IT dept. and BUs for all project phases	31	50	19	-	61
Project-specific Steering Committees	53	47	-	-	89
BUs highly accountable for capturing the benefits expected from IT investments	47	35	12	6	33
Post-implementation project review jointly conducted by IT dept. and BUs	12	70	6	12	28
Regular internal audit of IS performance	13	47	33	7	44
Regular external audit of IS performance	6	37	47	13	0
Performance-related bonuses for IT personnel, jointly agreed upon by your CIO and yourself	6	25	56	13	11

PERSONAL IS-RELATED EXPERIENCE AMONG BU MANAGERS

13. In what IS-related activities are you personally involved? In what activities do you think your CIO would like you to be involved?

	Involvement				Involvement desired by CIO			
	Often	Sometimes	Seldom	Never	Very high	High	Low	Very low
Identification of the IS investments needed for meeting the needs of your BU	59	23	12	6	37	37	13	13
Validation of IS investments.	50	25	6	19	27	47	6	20
Validation of recurring IS-related costs.	31	19	31	19	25	44	12	19
Support and monitoring of major IS projects (role of sponsor, participation in Steering Committees, etc.)	82	12	6	-	56	38	6	-
Assessment and monitoring of the benefits derived from IS projects	25	50	13	12	29	29	28	14
Support of organizational changes	75	13	6	6	33	47	13	7
Selection of suppliers and solutions (e.g., ERP)	19	19	37	25	12	25	25	38
Selection of technologies	12	18	29	41	6	13	6	75
Management of crises (e.g., project slippage, system failures)	35	29	18	18	33	7	33	27
Yearly IT dept. performance appraisal	18	18	12	52	7	37	19	37

14. What is your level of understanding of your BU's information systems, and what are your priority improvement areas?

	Understanding				Improvement priority			
	Very high	High	Low	Very low	Very high	High	Low	Very low
Key IS applications	19	75	6	-	8	33	50	9
Key IS projects	31	63	6	-	21	36	36	7
Potential contribution of new technologies	12	12	58	18	47	33	20	-
Outsourcing issues	6	13	50	31	-	36	50	14
IS development issues	6	18	47	29	21	36	29	14
Discriminating factors for prioritizing investments	18	24	53	5	29	57	-	14
Best practices for securing project execution	12	17	53	18	29	21	50	-
Development of the processes needed for the smooth running of the IS	6	18	65	11	21	64	7	8
IT cost structure, and levers for reducing or optimizing IT costs	12	23	47	18	36	57	7	-
IT dept.-BU organization and working processes	24	47	29	-	33	33	14	20
Product/Service offering of suppliers	6	6	35	53	-	23	46	31
IS projects conducted by competitors	7	7	33	53	23	54	15	8

15. Have you already been involved in the conduct of IS projects?

Yes	69
No	31

ROLE AND POSITION OF CIO VS. BU MANAGERS

16. What do you expect your CIO to do?

	Importance				Satisfaction			
	Very high	High	Low	Very low	Very high	High	Low	Very low
Enforce roles and schedules	50	50	-	-	7	73	20	-
Develop your monitoring tools (e.g., scorecards)	12	25	50	13	-	33	40	27
Understand and address expressed needs	69	31	-	-	13	60	27	-
Clearly explain the objectives and the operating mode of the IT dept. (projects and operations)	25	44	31	-	-	60	33	7
Set up structured exchanges between project management and project ownership teams and help them define their priorities and needs	62	38	-	-	13	67	20	-
Get involved in the upstream (definition of needs) and downstream (implementation) elements of projects	44	37	19	-	20	47	33	-
Establish relationships and a productive partnership with IT suppliers	12	38	44	6	-	53	47	-
Foster cooperation between IT dept. and BU, contribute to the thinking process on the development of your business, ask the right questions	56	25	19	-	20	40	40	-
Search for solutions aligned with expressed needs	81	19	-	-	7	73	13	7
Monitor advances in IS and propose new solutions	50	31	19	-	-	60	33	7
Develop the business skills of IT teams	31	44	13	12	13	53	27	7
Develop the IT skills of BUs	25	63	12	-	-	47	47	6
Search for solutions to avoid deadlocked situations, and for innovative approaches to take account of the respective constraints of the IT dept. and BUs	53	33	14	-	-	57	36	7

INTERACTIONS BETWEEN CIO AND BU MANAGERS

17. How, and how often, do you interact with your CIO?

	1-2 times/ week	1-2 times/ month	1-2 times/ quarter	1-2 times/ year
Committee meetings	13	33	47	7
Face-to-face meetings	12	25	50	13
Written note or e-mail	14	36	29	21

18. How many hours a month do you spend on face-to-face meetings with your CIO?

2.3 hours/month

19. How do you rate your CIO's dialog and listening skills?

Very strong	Strong	Poor	Very poor
25	69	6	-

20. What is the purpose of your discussions with your CIO? Generally speaking, are you satisfied with these interactions? Who initiates them?

	Purpose of discussions				Satisfaction				Initiator	
	Often	Sometimes	Seldom	Never	Very high	High	Low	Very low	Yourself	Your CIO
To share views on BU strategy and priorities	40	53	7	-	8	85	7	-	71	29
To validate the IS budget and IS investments needed for implementing the strategy	21	36	29	14	9	37	27	27	10	90
To review the progress of major IS projects.	62	38	-	-	23	62	15	-	31	69
To manage IT crises	14	43	36	7	-	75	25	-	25	75
To review scorecards	-	15	46	39	-	20	60	20	29	71
To discuss BU developments made possible by the IS	7	57	36	-	-	42	58	-	25	75
To discuss issues causing confusion between CIO and BUs (budget, trade-offs, IT costs)	14	43	22	21	8	69	8	15	50	50
To share your experiences of conducting projects	-	33	20	47	10	40	40	10	80	20
To share views on IS or BU related issues	7	60	27	6	-	75	25	-	73	27

21. When the decision-making process with your IT dept. reaches an impasse, how are decisions made?

	Often	Sometimes	Seldom	Never
Arbitration by CEO	6	50	31	13
Decision imposed by BU	18	13	38	31
Decision imposed by IT dept.	25	31	25	19
Compromise reached between IT dept. and BU	56	38	6	-

22. How might these conflicts of opinion be avoided?

Open question. Multiple qualitative answers possible.

23. What changes could make your interactions with your IT dept. more satisfying?

	Importance			
	Very important	Important	Not esp. important	Not at all important
More time for such interactions	7	53	40	-
More frequent interactions in a less formal context	-	40	60	-
More discussion about issues causing confusion between the IT dept. and your BU	13	40	40	7
Focus discussions more on business challenges and less on costs	14	57	29	-
Discuss more often the problems encountered by your BU and how the IS might help	20	67	13	-
Avoid computerese in technical discussions	33	27	27	13
The opportunity to discuss technical problems more frequently	-	33	47	20
A clear, joint IT/BU process for making IS-related decisions	20	33	33	14
Systematic communication about the business benefits derived from the IS	33	47	20	-
Discuss strategic IS-related issues more frequently	53	27	20	-

24. Based on your experience, what are the main sources of difficulties in the implementation of projects?

Multiple processes but little real cooperation	17
BUs constantly reconsidering their needs	39
IT dept. involved in too many projects with fluctuating priorities	50
Rivalry between BU and IT dept. regarding the ownership/management roles	17
Lack of flexibility in the allocation of roles	0
Poor synchronization between IT dept. and BUs	17
BU resources not sufficiently trained in the "project culture"	61
IT dept. withdrawing from the project before operational implementation	6
Oversized solution (IT fads, etc.)	17
Overly specific solution (in-house development when a packaged software would have been enough, etc.)	22
Poor assessment of the operational impact of project-related decisions on the BU	33

25. Based on your experience, what are the key drivers of project success?

BU teams and IT dept. teams worked together in the past	56
BUs set up a qualified and involved project ownership team	78
BUs and IT dept. were well aligned	39
CIO communicated broadly and got BUs involved	28
External consultants acted as a liaison	28
A common challenge brought BUs and IT dept. closer	67
Regular committees, always the same contact persons	67
Formal identification of factors likely to slow down/speed up the project	6

Results of the CIO questionnaire (2003-2004 survey)



CIO QUESTIONNAIRE

RESULTS

The information gathered during this survey is kept confidential. The findings will be presented in aggregate form so that no individual interviewee or company can be identified.

For each question, the percentage score corresponds to the answers given by respondents.

CONTEXT OF THE COMPANY

1. How long have you been in your current position at the IT department?

3.4 years

2. How long have you been working for the company?

10.1 years

3. During your career have you already had management responsibilities in the following organizations/units?

IT service provider/supplier	48
IT dept. of another company	43
IT dept. of your company	24
One of your company's BUs	48
Other functional unit of your company	38

6. In your company, what process is used for developing IS strategy?

IS strategy and BU strategy developed independently	18
IS strategy derived from the BU strategy	59
Integrated IS and BU strategies developed simultaneously	23

7. Is this strategy development process in line with your IS needs? Why?

Open question. Multiple qualitative answers.

8. How does the project ownership/management relation bring the most value?

	Value			
	Very high	high	Low	Very low
By clarifying roles	45	50	5	-
By establishing a customer-supplier relation through separate reporting lines	14	38	43	5
By formalizing the working procedures between project ownership and project management teams	24	52	24	-
By clearly identifying required skills	9	48	29	14

9. How satisfied are you with your project ownership/management relation? Why?

Satisfaction			
Very high	High	Low	Very low
-	59	32	9

IS-SPECIFIC CONTEXT

4. What is the IS governance model used in your company?

Highly decentralized (BUs with own IT resources)	18
Highly centralized (IT resources managed by IT dept. across BUs)	68
"Federal" (IT resources shared among BUs and IT dept.)	14

5. What are the priority IS themes of your company?

Capturing the opportunities offered by new technologies	52
Fostering organizational changes within the BU	38
Making IT investments pay off	43
Controlling or reducing IT expenditures	76
Aligning IT investments with BU priorities	76
Strengthening the skills of IS teams	14
Outsourcing all or part of IS-related activities	5
Improving IS reliability or security	71
Searching for competitive advantage in the company's market	43

PERFORMANCE AND CONTRIBUTION OF INFORMATION SYSTEMS

10. How do you rank your information systems against those of competitors?

Ahead	18
At the same level	50
Behind	5
Difficult to assess	27

11. For each of the following missions, what contribution do you expect from your company's information systems? What is their actual level of contribution?

	Expected contribution				Actual contribution			
	Very high	High	Low	Very low	Very high	High	Low	Very low
Reduce costs	14	61	25	-	5	43	52	-
Improve the performance of operating processes	55	36	9	-	18	59	23	-
Automate/Improve the execution of management tasks	29	52	19	-	10	57	33	-
Enable the capture of synergies	36	23	36	5	14	32	45	9
Support organizational change	10	38	48	4	-	24	47	29
Provide key performance indicators	32	59	9	-	4	37	59	-
Support innovation	10	33	52	5	-	28	67	5
Improve the service delivered to your customers	50	23	23	4	9	59	32	-
Support teamwork (workflows, etc.)	27	36	32	5	-	50	50	-
Create competitive advantage	29	29	33	9	-	57	33	10

12. In your opinion, what are the reasons for the gaps (if any) between the expected contribution and the actual contribution of the IS?

	Importance			
	<i>Very important</i>	<i>Important</i>	<i>Not esp. important</i>	<i>Not at all important</i>
Limited investment capacity	-	27	50	23
Insufficiently rigorous selection of investments	5	47	48	-
Weaknesses in the conduct of IS projects	15	40	40	5
Insufficient BU/IT dept. cooperation on IS projects	19	43	33	5
Inadequate translation of your business needs into IS specifications	9	64	27	-
Supplier deficiencies	5	18	50	27
Lack of concrete proposals from IT dept. with regard to the contribution of new technologies to your business	-	35	60	5
Immature technologies	5	19	52	24
No downstream accountability for capturing the benefits expected from the IS	14	57	24	5
Low involvement of CEO in IS issues	10	20	50	20
Lack of indicators to monitor the conduct of change	30	55	5	10

13. In your opinion, what is the impact on IS performance of the mechanisms that structure the relationship between the IT dept. and the BUs? What mechanisms have been implemented by your company?

	Impact on IS performance				Implemented by the company
	<i>Very high</i>	<i>High</i>	<i>Low</i>	<i>Very low</i>	
Permanent IS management committee bringing together BUs and IT dept. several times a year to agree on business priorities with regard to the IS, establish the budget, make trade-offs and review progress of key projects	45	41	14	-	76
Meetings on an ad-hoc basis between BUs and IT dept. to set business priorities with regard to the IS and to agree on trade-offs	5	67	28	-	76
Service level agreements defining the services provided to BUs by the IT dept., and specifying clear performance indicators	9	68	23	-	57
Regular and fact-based communication from IT dept. to BUs on IS performance (scorecards)	11	42	47	-	43
Proposals from IT dept. to upgrade the IS in line with business needs	16	74	10	-	52
Project charter specifying the respective roles (management/ownership) of IT dept. and BUs for all project phases	10	50	40	-	52
Project-specific Steering Committees	27	68	5	-	95
BUs highly accountable for capturing the benefits expected from IT investments	58	37	5	-	19
Post-implementation project review jointly conducted by IT dept. and BUs	11	61	22	6	24
Regular internal audit of IS performance	11	42	42	5	38
Regular external audit of IS performance	5	26	63	6	24
Performance-related bonuses for IT personnel, jointly agreed upon by yourself and BU managers	5	17	50	28	10

INVOLVEMENT OF BU MANAGERS IN IS

14. In what IS-related activities are BU managers involved? In what activities would you like them to be involved?

	Involvement				Involvement desired by CEO			
	<i>Often</i>	<i>Sometimes</i>	<i>Seldom</i>	<i>Never</i>	<i>Very high</i>	<i>High</i>	<i>Low</i>	<i>Very low</i>
Identification of the IS investments needed for meeting the needs of BUs	10	58	32	-	39	50	11	-
Validation of IS investments.	21	37	37	5	37	37	26	-
Validation of recurring IS-related costs.	-	11	68	21	21	37	37	5
Support and monitoring of major IS projects (role of sponsor, participation in Steering Committees, etc.)	37	42	21	-	58	37	5	-
Assessment and monitoring of the benefits derived from IS projects	-	33	50	17	33	56	11	-
Support of organizational changes	21	32	37	10	53	47	-	-
Selection of suppliers and solutions (e.g., ERP)	16	26	42	16	10	21	58	11
Selection of technologies	5	16	42	37	-	11	47	42
Management of crises (e.g., project slippage, system failures)	11	63	21	6	27	67	6	-
Yearly IT dept. performance appraisal	-	24	47	29	12	53	29	6

15. How do you perceive the level of understanding of BU managers in the following areas? What do you think are their priority improvement areas?

	Understanding				Improvement priority			
	<i>Very high</i>	<i>High</i>	<i>Low</i>	<i>Very low</i>	<i>Very high</i>	<i>High</i>	<i>Low</i>	<i>Very low</i>
Key IS applications	5	32	63	-	-	45	56	-
Key IS projects	5	68	27	-	5	33	58	6
Potential contribution of new technologies	-	28	67	5	6	55	33	6
Outsourcing issues	-	-	63	37	-	15	53	32
IS development issues	-	5	67	28	5	44	45	6
Discriminating factors for prioritizing investments	6	22	61	12	10	58	26	5
Best practices for securing project execution	-	11	72	17	5	85	5	5
Development of the processes needed for the smooth running of the IS	-	16	67	17	5	69	26	-
IT cost structure, and levers for reducing or optimizing IT costs	5	5	67	23	11	39	39	11
IT dept.-BU organization and working processes	6	53	29	12	24	52	24	-
Product/Service offering of suppliers	-	5	67	28	-	17	72	11
IS projects conducted by competitors	-	23	53	24	-	59	35	6

ROLE AND POSITION OF CIO VS. BU MANAGERS

16. What do you think BU managers expect from you?

	Importance				Satisfaction			
	Very high	High	Low	Very low	Very high	High	Low	Very low
Enforce roles and schedules	26	58	16	-	6	72	23	-
Develop BUs' monitoring tools (e.g., scorecards)	16	26	47	11	-	31	69	-
Understand and address BU's expressed needs	53	42	5	-	16	47	37	-
Clearly explain the objectives and the operating mode of the IT dept. (projects and operations)	33	22	45	-	6	44	44	6
Set up structured exchanges between project management and project ownership teams and help them define their priorities and needs	28	33	33	6	11	45	33	12
Get involved in the upstream (definition of needs) and downstream (implementation) elements of projects	17	61	17	5	5	56	32	6
Establish relationships and a productive partnership with IT suppliers	6	22	39	33	13	31	50	6
Foster cooperation between IT dept. and BU, contribute to the thinking process on the development of the BU, ask the right questions	17	50	28	5	6	50	33	11
Search for solutions aligned with expressed needs	39	61	-	-	6	72	22	-
Monitor advances in IS and propose new solutions	17	39	39	5	6	47	41	6
Develop the business skills of IT teams	24	35	35	6	-	50	50	-
Develop the IT skills of BUs	6	23	53	18	-	25	69	6
Search for solutions to avoid deadlocked situations, and for innovative approaches to take account of the respective constraints of the IT dept. and BU	24	47	30	-	6	53	41	-

INTERACTIONS BETWEEN CIO AND BU MANAGERS

17. How and how often do you interact with BU managers?

	1-2 times/week	1-2 times/month	1-2 times/quarter	1-2 times/year
Committee meetings	18	35	41	6
Face-to-face meetings	13	25	31	31
Written note or e-mail	12	24	35	29

18. How many hours a month do your BU managers spend in face-to-face meetings with you?

3.5 hours a month

19. How do you rate the dialog and listening skills of BU managers?

Very strong	Strong	Poor	Very poor
24	47	29	-

20. What is the purpose of your discussions with BU managers? Generally speaking, are you satisfied with these interactions? Who initiates them?

Purpose of discussions	Purpose of discussions				Satisfaction				Initiator	
	Often	Sometimes	Seldom	Never	Very high	High	Low	Very low	Yourself	BU manager
To share views on BU strategy and priorities	25	56	19	-	13	56	31	-	100	-
To validate the IS budget and IS investments needed for implementing the strategy	12	41	47	-	-	69	25	6	93	7
To review the progress of major IS projects.	70	18	6	6	13	56	25	6	87	13
To manage IT crises	18	47	35	-	7	73	20	-	54	46
To review scorecards	-	7	33	60	-	33	59	8	71	29
To discuss BU developments made possible by the IS	6	65	24	5	-	67	33	-	58	42
To discuss issues causing confusion between CIO and BUs (budget, trade-offs, IT costs)	19	37	44	-	7	66	20	7	60	40
To share your experiences of conducting projects	-	31	63	6	-	25	69	6	70	30
To share views on IS or BU related issues	19	38	43	-	-	47	47	6	60	40

21. When the decision-making process with BU managers reaches an impasse, how are decisions made?

	Often	Sometimes	Seldom	Never
Arbitration by CEO	12	38	38	12
Decision imposed by BU	7	23	62	8
Decision imposed by IT dept.	7	29	43	21
Compromise reached between IT dept. and BU	56	44	-	-

22. How might these conflicts of opinion be avoided?

Open question. Multiple qualitative answers possible.

23. What changes could make your interactions with BU managers more satisfying?

	Importance			
	Very important	Important	Not esp. important	Not at all important
More time for such interactions	-	63	37	-
More frequent interactions in a less formal context	6	47	47	-
More discussion about issues causing confusion between the IT dept. and the BU	6	50	31	13
Focus discussions more on business challenges and less on costs	19	62	13	6
Discuss more often the problems encountered by BUs and how the IS might help	50	38	12	-
Avoid computerese in technical discussions	20	20	40	20
The opportunity to discuss technical problems more frequently	-	7	53	40
A clear, joint IT/BU process for making IS-related decisions	13	60	27	-
Systematic communication about the business benefits derived from the IS	33	60	7	-
Discuss strategic IS-related issues more frequently	31	56	13	-

24. Based on your experience, what are the main sources of difficulties in the implementation of projects?

Multiple processes but little real cooperation	14
BUs constantly reconsidering their needs	33
IT dept. involved in too many projects with fluctuating priorities	29
Rivalry between BU and IT dept. regarding the ownership/management roles	14
Lack of flexibility in the allocation of roles	14
Poor synchronization between IT dept. and BUs	24
BU resources not sufficiently trained in the "project culture"	52
IT dept. withdrawing from the project before operational implementation	-
Oversized solution (IT fads, etc.)	10
Overly specific solution (in-house development when a packaged software would have been enough, etc.)	33
Poor assessment of the operational impact of project-related decisions on the BU	33

25. Based on your experience, what are the key drivers of project success?

BU teams and IT dept. teams worked together in the past	14
BUs set up a qualified and involved project ownership team	67
BUs and IT dept. were well aligned	48
CIO communicated broadly and got BUs involved	33
External consultants acted as a liaison	10
A common challenge brought BUs and IT dept. closer	43
Regular committees, always the same contact persons	57
Formal identification of factors likely to slow down/speed up the project	14

white paper

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