



CIO INSIDER

How CIOs lead in high-performing companies

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They differentiate from their peers in four dimensions

Deloitte's global survey of more 1,200 CIOs explored the evolution of the CIO from back-office technology manager to C-suite business leader.¹ In CIO interviews, we found that environment is one of the key factors for CIO success. To validate this finding—and as a follow-up to last year's study of CIOs in high-performing companies (HPCs)—we compared responses from HPC CIOs to responses from global survey takers. We identified HPCs by a single measure: U.S. companies whose stock price outperformed the market by 10 percent or more for the past three years.²

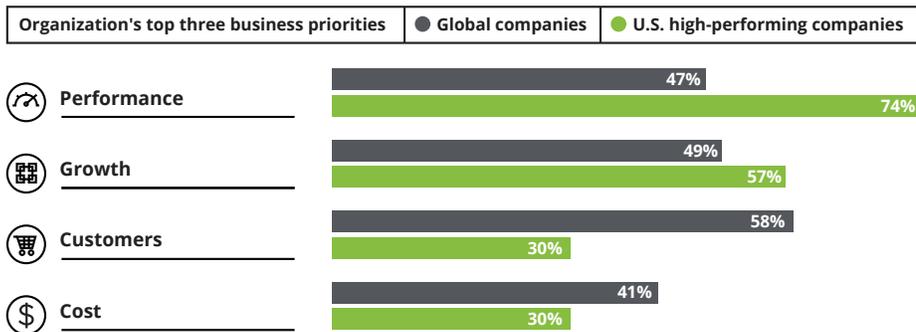
HPC CIOs may not necessarily be better performers, but we assume that high-performing organizations require them to cultivate unique skills and capabilities and use their technology, operational, and leadership skills in different ways than CIOs in other companies. This year's analysis reveals that technology leaders at HPCs differentiate from their peers across four dimensions. HPC CIOs:

- Prioritize business performance and growth
- Are competitive, deliberate, and direct
- Choose to be exceptional in delivering critical IT capabilities
- Focus on delivering large technology initiatives

Prioritize business performance and growth

Like last year,³ driving operational business performance is the No. 1 business priority for a vast majority of HPC CIOs, while less than half (47%) of other CIOs surveyed say it is a priority. (See figure 1.) HPC CIOs' laser focus on performance indicates that one of the key strategies for maintaining a competitive edge is to constantly fine-tune and enhance technology capabilities, competencies, and investments to support and drive operational business performance.

Figure 1. HPC CIOs focus on performance and growth



Source: Deloitte 2016–2017 CIO Survey

Similarly, 57 percent of HPC CIOs surveyed identify “growth” as their second highest business priority, compared to 49 percent of other CIOs. A focus on growth can allow these executives to function as business leaders and leverage technology to uncover opportunities in new products, markets, segments, and geographies.

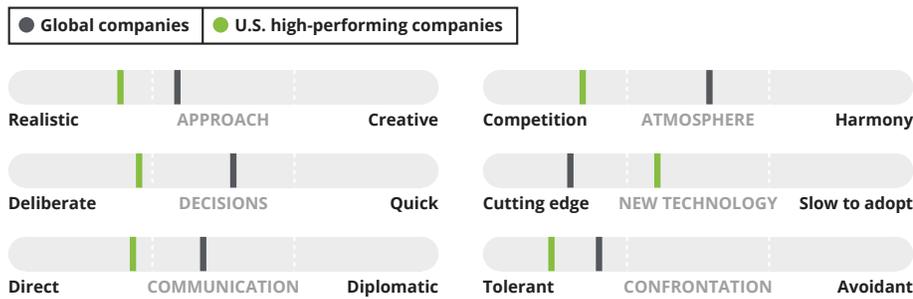
Also worth noting is what HPC CIOs surveyed did *not* prioritize. Only 30 percent of CIOs in high-performing companies indicate that either cost or customers are a top business priority, compared to 58 percent of global CIOs who chose customers and 41 percent who selected cost. This underscores the typical HPC competition strategy of offensively protecting leading market position rather than defensively chasing after the leader by growing market share.



Are competitive, deliberate, and direct

Data from our CIO Survey showed that regardless of geography, industry, or organization size, CIO personality types and work styles are remarkably consistent.⁴ However, HPC CIOs share a handful of differences that may lead to success in high-growth, high-performance environments. Compared to all CIOs surveyed, HPC CIOs tend to be more competitive, deliberate, and direct. (See figure 2.) These differences in personality and workstyle may help HPC CIOs continuously outperform the competition.

Figure 2. Working style and personality



Source: Deloitte 2016–2017 CIO Survey

Competitive. Ashley Merryman, co-author of *Top Dog: the Science of Winning and Losing*, says that competition fuels creativity and high-quality work. “The skills that make you a great competitor—such as a willingness to push boundaries, trust one’s instincts, problem-solve—those are the same skills needed for innovation.”⁵ Like-minded HPC CIOs surveyed prefer competition to harmony, encouraging friendly rivalry among staff to drive high performance. Another personality trait they use to drive performance is a more realistic than creative personal style that spurs their teams to focus on bottom-line business results.

Deliberate. Like most C-suite occupants, CIOs in general are risk-tolerant, and the same is true for CIOs in high-performing companies. However, compared to global survey participants, HPC CIOs are more deliberate decision-makers—in spite of the pressure to make quick decisions often faced by executives in high-growth environments. HPC CIOs tend to be slower than their peers to adopt new technologies, possibly to mitigate the risks and disadvantages of being an early technology adopter.

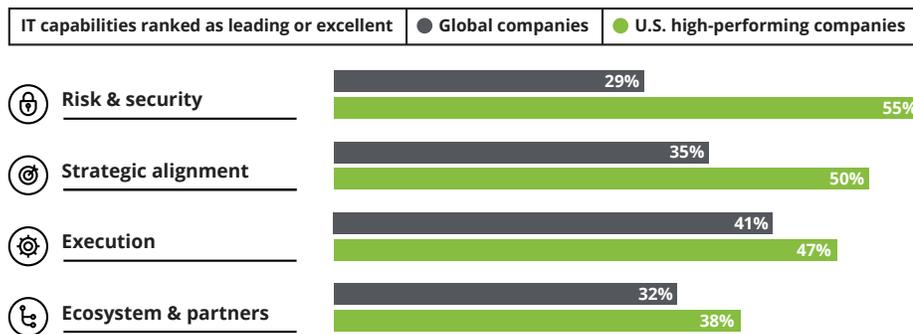
Direct. A survey of senior consultants at a top global executive search firm concluded that the ideal CXO has effective communication and presentation skills including “the intellectual capability to interact with a wide variety of stakeholders” and the ability to “influence the direction of a business and the front office.”⁶ CIOs can build trust and credibility through authentic, candid communication. In high-performing environments, CIOs are often more direct than diplomatic, and compared to other CIOs surveyed, they are more tolerant than avoidant of confrontation. This helps enable them to establish an authentic rapport with others and ensure clear accountability for themselves, their staff, and colleagues.

Choose to be exceptional in delivering critical IT capabilities

Seventy-one percent of IT leaders surveyed by *CIO Magazine* say it's difficult to strike the right balance between innovation and operational excellence in the current business environment.⁷ Our analysis shows that HPC CIOs recognize the value of investing in solid foundational capabilities and deliberately choose to be exceptional in delivering operational basics such as risk and security, strategic alignment of IT and business objectives, and project execution.

In general, HPC CIOs shape their IT organizations to excel at maintaining efficient and reliable business and IT operations before shifting their attention to digital-enabling capabilities such as innovation and analytics. High-performing IT cultures have developed leading or excellent capabilities in traditional business and IT operations areas. In contrast, global survey participants tend to be average across many dimensions. (See figure 3.)

Figure 3. High-performing IT organizations lead or excel in operational areas



Source: Deloitte 2016–2017 CIO Survey

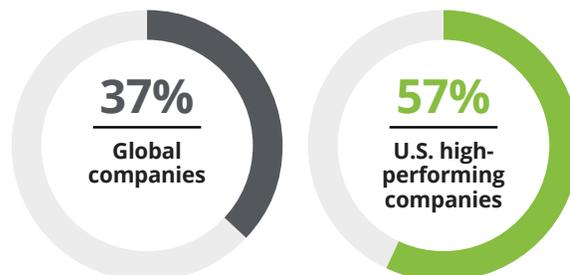
Specialize in delivering complex technology initiatives

In high-performing environments, managing technology change is especially important. CIOs often need to deliver large technology implementations— multi-year, multi-phase projects such as ERP, CRM, supply chain, or other similarly complex enterprise applications whose consistent and reliable operation is essential to multiple core business functions. HPC CIOs that implement multipronged technology initiatives must orchestrate numerous moving parts and pieces, often across many regions.

Fifty-seven of HPC CIOs surveyed say their businesses expect them to drive and deliver large, complicated technology implementation projects, compared to only 44 percent of global survey participants. Perhaps these higher expectations provide more opportunities for HPC CIOs to sharpen these skills. When asked to rank leadership competencies as personal strengths, far more HPC CIO survey participants say delivering complex technology initiatives is a personal strength. (See figure 4.)

Figure 4. HPC CIOs excel at enterprise implementations

Percentage of CIOs that say delivering large technology initiatives is a current strength



Source: Deloitte 2016–2017 CIO Survey

HPC CIOs achieve their goals through counterintuitive thinking

Like many CIOs, those leading high-performing organizations strive to strike the right balance between multiple contradictory goals. This supports the philosophy that the CIO navigates an environment fraught with paradox. As IT executive recruiter and career strategist Martha Heller points out in *The CIO Paradox: Battling the Contradictions of IT Leadership*, CIOs must “Be strategic and operational. Stay secure and boost innovation. Adopt emerging technologies, while weighed down by the past.”⁸

For example, our research showed that HPC CIOs:

- **Prioritize business performance while focusing on growth.** While a majority of CIOs focus on managing costs to contribute to business performance, HPC CIOs primarily focus on growth. As they make technology investments, hire talent, and fine-tune personal and team competencies in service of performance and growth, they must also work towards achieving future strategic needs such as enhancing customer experience.
- **Support high growth by making deliberate decisions.** As depicted by stock performance, HPCs are primarily growth companies—yet their CIOs typically are not pressured to make hasty decisions around technology. In high-performing environments, technology investments can have implications that span decades, and hurried decisions could end up hurting the bottom line for years to come.
- **Ensure alignment with business strategy by focusing on execution.** Many CIOs start their alignment efforts by focusing on relationship-building in and beyond the C-suite; HPC CIOs tend to focus instead on execution and resilience of the tech environment. Establishing and maintaining foundational IT capabilities allows them to win trust and build credibility, and ultimately helps them create strong relationships. CIOs need to balance day-to-day operations along with innovation, disruption, emerging technologies, and new business models and strategies.
- **Drive organizational change by delivering complex technology initiatives.** High performance often requires significant organizational change. HPC CIOs help deliver change by taking on complex business transformation projects that provide efficiencies and insights, streamline messy business processes, and allow their businesses to use technology as the engine for driving performance. And while a planned global ERP replacement may require multiple years of attention, planning, and resources, CIOs must not lose sight of future investments in emerging innovations that increase operational efficiencies and meet customer needs.

When HPC CIOs approach IT projects, organizational challenges, and business objectives with a counterintuitive style of thinking, they can meet current goals while preparing for future needs. As changing industry and market dynamics spur new business priorities and imperatives, CIOs will likely continue to be pressured to maintain equilibrium between these and other frequently competing objectives.



Endnotes

1. Khalid Kark, Mark White, Bill Briggs, and Anjali Shaikh, *Navigating legacy: Charting the course to business value*, Deloitte University Press, <https://www2.deloitte.com/us/en/pages/chief-information-officer/articles/cio-survey-navigating-legacy.html>, accessed February 3, 2017.
2. Among the 196 U.S. survey participants, 23 worked for companies that beat the S&P 500 Index by 10 percent or more for the past three years. We compared their responses to those from 1,217 global survey takers.
3. *Deloitte CIO Program, CIO Insider: What CIOs in High-Performing Companies Do Differently*, <https://www2.deloitte.com/us/en/pages/chief-information-officer/articles/cio-insider-high-performing-companies.html>, p. 2.
4. Kark, White, Briggs, and Shaikh, *Navigating legacy: Charting the course to business value*, Deloitte University Press, p. 4.
5. Kristi Hedges, "Competition At Work: Positive Or Positively Awful?," *Forbes*, July 8, 2015, <http://www.forbes.com/sites/work-in-progress/2015/07/08/competition-at-work-positive-or-positively-awful/#5b1eca3c70f3>, accessed February 12, 2017.
6. Boris Groysberg, "The Seven Skills You Need to Thrive in the C-Suite," *Harvard Business Review*, March 18, 2014, <https://hbr.org/2014/03/the-seven-skills-you-need-to-thrive-in-the-c-suite>, accessed February 12, 2017.
7. Stephanie Overby, "Transformational CIOs juggle innovation and operations," *CIO*, February 3, 2016, <http://www.cio.com/article/3022518/leadership-management/transformational-cios-juggle-innovation-and-operations.html>, accessed February 8, 2017.
8. Martha Heller, "CIOs Must Lead Outside of IT," *Harvard Business Review*, July 17, 2013, <https://hbr.org/2013/07/cios-must-lead-outside-of-it>, accessed February 2, 2017.

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About this research

Deloitte CIO Insider articles are developed with the guidance of Khalid Kark, Research Director, CIO Program, Deloitte Services LP.

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