



CORPORATE
EXECUTIVE
BOARD

TM

WHAT THE BEST COMPANIES DO

EXECUTIVE GUIDANCE FOR 2011

Achieving Intelligent Growth

An Implementation Guide for Information Technology Leaders

CEOs and executive committees will take on significant challenges in 2011. Several of the largest opportunities in 2011 will depend on successful IT-enablement, and each challenge will require the active engagement of CIOs and their organizations.

To successfully execute against these challenges, every executive role must connect their teams' activities to the firm's priorities. This booklet provides guidance to IT executives for engaging with these firm-level challenges and playing a critical role in enabling cost and capital management, improving risk vigilance, and fostering customer experience innovation.

This report describes how IT leaders can respond to the four major areas of emphasis highlighted in The Corporate Executive Board's *Executive Guidance for 2011* on achieving intelligent growth.

- Customer Experience Innovation
- Key Talent Engagement
- Risk Vigilance
- Permanent Cost and Capital Management

Each area has clear implications for IT organizations and their leadership teams. All four must either be enabled by technology or mandate changes in the IT function's responsibilities, governance, or structure. As each area is of direct interest to CEOs and boards of directors, IT leadership teams should be prepared to clearly articulate the actions they will take in support.

The Information Technology practice stands ready to help IT leaders in each of the four areas. We can provide insights and real-world examples to shape plans and set priorities, as well as tools and advice to reduce implementation effort and risk.

As always, we welcome your feedback and guidance on this document. Our staff would be more than happy to offer additional assistance around any of the insights and resources included here.

Thank you for your continued support.

With our warmest regards,



Shvetank Shah
Executive Director
Information Technology Practice
The Corporate Executive Board

CUSTOMER EXPERIENCE INNOVATION

Business Leaders Will:

- Reinvent the buying experience by de-emphasizing standard sales processes and intervening upstream in the decision-making process.
- Activate brand advocates through social media by participating in “water hole conversations” and harnessing social networks inside the enterprise to reshape innovation.

IT Leaders Should:

1. Adapt governance and project management protocols for an increasingly information-centric (as opposed to process-centric) portfolio in 2011. Specifically, increase the use of agile delivery and add information architecture reviews in project evaluations.
2. Adapt your information architecture for a consistent, end-to-end view of customers while allowing targeted, differentiated service.
3. Improve users’ ability to find, use, create, and store structured and unstructured information by building corporate “anthropological” skills to understand collaborative workflows.
4. Implement social media policies and improve end-user awareness to guard against the changing nature of risk from these technologies.
5. Update technology roadmaps to reflect mainstream adoption trends in social computing across companies.
6. Be proactive to help Sales and Marketing develop a test-and-learn approach to evaluating new social media investments. Our data show almost half IT groups are not involved with external-facing social media efforts.



Resources for IT Leaders

Reinvent the Buying Experience

- **Make Your IT Business Liaisons into Challengers**—Use our analysis to show your IT–business liaisons how to challenge business partners by teaching, tailoring, and asserting control in their interactions. (Available from the CIO Executive Board—*From Relationship Builder to Challenger*)
- **Reignite Innovation in IT**—Use these tactics to encourage IT staff to generate and exploit innovative ideas. (Available from the CIO Executive Board in January)

Activate Latent Brand Advocates Through Social Media

- **Measure Awareness of Social Media Policy**—Use our End-User Awareness Benchmarking service to identify gaps in policy awareness and craft better targeted awareness campaigns. (Available from the Information Risk Executive Council—*End-User Awareness Benchmarking*)
- **Develop a Test-and-Learn Approach to Social Media Experimentation**—Use studies and benchmarking on social media to learn how to define and run measurable, short-turnaround experiments in social media. (Available from all Information Technology Practice programs—*Realist's Guide to Social Media Programs*)


KEY TALENT ENGAGEMENT

Business Leaders Will:

- Re-engage high performers by re-establishing leadership focus on high-potential talent, redefining long-term career paths, and differentiating rewards for high-potential staff.
- Improve manager-led development by simplifying managers' jobs and measuring and rewarding coaching activities.

IT Leaders Should:

1. Control the drivers of high potential within the IT organization. The factors that drive employee potential most are all under CIO control, such as developing a culture of openness and recognition, building knowledge-sharing peer networks, implementing focused rotation programs, or improving the quality of managers.
2. Avoid mistaking current high performance for future potential. Stars will have to step up into tougher roles. Explicitly test candidates for three critical attributes: ability, engagement, and aspiration. Specifically, place particular emphasis on engagement, as IT has lost one-third of its high performers who have high potential due to declining engagement since 2005.
3. Share future strategies with rising leaders and emphasize their role in making them real. Consider forming a shadow cabinet to involve emerging leaders in strategy setting.
4. Avoid assuming that high potentials will take one for the team. A critical factor determining a rising star's engagement is the sense that he or she is being recognized; offer high-potential employees differentiated compensation and recognition.
5. Focus on developing and retaining key staff in roles related to information and business architecture, and information risk, as demand for these roles are projected to double by 2015.

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6. Lay the groundwork for new roles in areas such as promoting collaboration and social media, exploiting information analytics, designing service architecture, understanding user behavior, and improving user experience.

Resources for IT Leaders

Re-Engage High Performers

- **Fortify Your IT High-Potential Program**—Ensure you don't overlook or underdevelop high-potential IT employees. Use our best practices for building and running high-potential programs in IT. (Available from the CIO Executive Board—*From High Performers to High Potential*)
- **Accelerate IT Leadership Skills Development**—Learn how Nordstrom ran a yearlong leadership development program for high-performing IT staff. (Available from the CIO Executive Board—*Nordstrom's IT Leadership Skills Accelerator*)
- **Maximize Experienced-Based Learning**—Learn how the Kimberly-Clark IT group identifies critical development experiences and embeds them into development plans. (Available from the Applications Executive Council—*Kimberly-Clark's Experience-Based Skill Accentuators*)

Improve Manager-Led Development

- **Help Your Leaders Develop Leaders**—Equip your IT leadership team to develop rising junior leaders using tactics in our report on leader-led development. (Available from all Information Technology Practice programs—*Leader-Led Development*)

RISK VIGILANCE

Business Leaders Will:

- Measure and manage a healthy corporate culture by celebrating openness throughout the company and diagnosing compliance and ethical risks.

IT Leaders Should:

1. Incorporate clearly defined expectations of teams (e.g., proactively surface and escalate significant issues or risks) and manager behaviors (e.g., foster comfort speaking up) into annual performance evaluations. CEB data show that IT staff are the least likely (across all employees) to speak up if they see something wrong.
2. Issue communications that provoke dialogue by linking messages to personal motivators. Directly address employee fears of retaliation by ensuring confidentiality or no negative treatment or lost opportunities as a result.
3. Ask your peers in Communications, Compliance, and HR to help investigate employee requirements, identify key business objectives, and guide the customization of IT tools in a way that motivates employee use. Help them focus on developing a concerted strategy, and inform their plans and objectives by educating them on alternative ways in which IT can build solutions that employees will embrace.

Resources for IT Leaders

Diagnose Compliance and Ethical Risks

- **Benchmark Your Controls Maturity**—Use this service to receive a comprehensive measurement of your organization’s security controls maturity against frameworks such as ISO2700x and NIST 800-53. (Available from the Information Risk Executive Council—*Controls Maturity Benchmarking Service*)
- **Determine Corporate Tolerance for Risk**—Apply ConocoPhillips’ lightweight method for selecting and assessing a small number of key indicators to evaluate corporate risk tolerance. (Available from the Information Risk Executive Council—*ConocoPhillips’ Risk-Tolerance and Usability Indicators*)
- **Address Social Media Risk**—Learn where companies most frequently overlook significant risks from social media and how to address those risks. (Available from the Information Risk Executive Council—*Mitigating Social Media Risk*)
- **Understand Trends in Information Risk**—Draw on peer insights into a dozen of the most important emerging trends that will impact information risk executives. (Available from the Information Risk Executive Council in late December)

PERMANENT COST AND CAPITAL MANAGEMENT

Business Leaders Will:

- Reshape the corporate center by scaling processes across functions, upskilling key G&A positions in developing markets, and reallocating to G&A areas central to corporate strategy.
- Manage capital investments across the project lifecycle by concentrating on fewer, bigger bets, increasing the focus of midcycle reviews, and more carefully designing capex portfolios.

IT Leaders Should:

1. Initiate conversations with company leadership on the future role and structure of IT, IT's relationship to other corporate functions, and the potential for multifunctional service delivery.
2. Identify which of the IT function's capabilities are replicated in other corporate functions, and which can be commoditized and externalized.
3. Refine portfolio management processes to ensure governance groups have access to leading indicators of project failure, such as decline of sponsor involvement, unclear business benefits, or trouble with "driver" projects that have critical interdependencies with other, larger projects.
4. Make strategy assumptions explicit during planning and broadcasting those assumptions internally helps IT to 1) provide a common understanding of what the near future might look like, 2) select leading indicators for making course corrections, and 3) empower the entire organization to act as a sensing mechanism.
5. Use processes such as lean planning, rolling budgeting, and budget scenarios to increase their budgets' flexibility and transparency, allowing changes to be absorbed efficiently and maintaining the link between spending decisions and strategic outcomes.

Resources for IT Leaders

Reshape the Corporate Center by Scaling Processes Across Functions

- **Embed IT in Business Services**—Use our analysis of *The Future of Corporate IT* to understand how to shift IT's delivery model and organizational position to become part of an integrated Business Shared Services organization. (Available from all Information Technology Practice programs—*The Future of Corporate IT: Volume 5*)
- **Implement Business Architecture**—Learn 10 key lessons from enterprise architects on successfully implementing a business architecture initiative. (Available from the Enterprise Applications Executive Council—*Ten Lessons for Delivering Business Architecture*)
- **Increase Flexibility in the Applications Group**—Use our Flow Operating Model to add flexibility to the applications function's structure, roles, and processes. (Available from the Applications Executive Council—*Flow Operating Model*)

Stress Residual Control

- **Steward the IT Portfolio**—Introduce a streamlined, business-driven IT investment prioritization process using tactics from our research. (Available from the CIO Executive Board—*Lightweight Portfolio Stewardship*)
- **Make IT Service Costs Transparent**—Learn about the seven steps IT should take to provide more transparency to business partners about the IT services they consume. (Available from the Infrastructure Executive Council—*Seven Steps to Better Service Economics*)
- **Teach Your Team How to Measure IT Value**—Use our e-learning courses to show your staff how to measure the value provided by IT and IT investments. (Available from the CIO Executive Board—*IT Value Measurement E-Learning*)

PERMANENT COST AND CAPITAL MANAGEMENT (CONTINUED)

- **Avoid Project Losses**—Learn how BMO rapidly identifies projects that are at risk of not delivering expected business value. (Available from the PMO Executive Council—*BMO's Leading Indicators of Value Loss*)
- **Transition to an E-PMO**—Use our findings to avoid the risks and challenges associated with transforming an IT PMO into an Enterprise PMO. (Available from the PMO Executive Council in December)

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