

'The New Normal' Article

The New Normal – Endless Possibilities for CIOs

By Tony Velleca

Avery Dennison's CIO Richard Hoffman told this story at the Evanta CIO Conference in Los Angeles. He approached his boss, the CEO, and said, "I'm going to invest several millions in social networking. I know it will have a positive effect, but I don't yet know how we will use it and how it will change things."

Imagine making that case 10 years ago. Or even five.

But today, I assert that as CIOs we have a *mandate* to dedicate a percentage of our IT portfolios to projects with no pre-determined business case. Not all – that would be crazy. But some.

Why?

It's what the "new normal" requires. We are in an era characterized by speed, which in turn forces constant change and a willingness to learn as we go.

As CIOs, we're trained to look in the rear-view mirror, to determine future direction by gauging where we've been. That's still important. But the new normal requires forward movement. Have an idea, act on it, see how it goes, change course as necessary, and cancel if it doesn't make sense.

Chevron CIO Louie Ehrlich recently gave a great presentation on what he calls the "Future-State CIO." He outlined the evolution of the CIO's role as moving from "Functional" (yesterday) to "Transformational" (today) to "Business Strategist" (tomorrow).

Why a strategist? Think about the changes that have taken place. This new era is being enabled, driven and defined by advances in technology.

Obviously the main driver for these changes has been the Internet itself. The immediate access we now have to any information we want is nothing short of revolutionary. That led to search and browser technology, to gather and organize that information. Then we expanded our world of devices – mobile phones in our hands, GPS in our cars, netbooks under our arms. Now on top of all of that are the applications – Twitter, Facebook, Google, YouTube and so many more – and the expansion of those apps across all platforms. Everything is now connected and immediately accessible.

CIOs are in a unique position to see and seize the possibilities that arise from these advancements. We are the only people, other than the CEO, who have a complete view of the organization, across all departments. We're also the only people within the organization who have an in-depth understanding of the technological changes and how they translate to business opportunities. CIOs used to be in the passenger seat, when business told IT what to do. Now we must take the driver's seat – it's up to us to tell business what to do.

Following are strategies for embracing the endless possibilities before us.

Put yourself on the line.

There are two types of innovation: "incremental" and "disruptive."

"Incremental innovation" is what we're used to. It's progress within systems we know based on ROI we can prove. But in the new normal that approach is too slow and that gaze is too narrow. The story from Avery Dennison is a perfect example. Hoffman trusted his gut enough to stand up and make a case.

"Disruptive innovation" is what Hoffman achieved.

Now he reports that the social networking initiative has helped cut costs, when two divisions across the company shared information. But the initiative also *generated new revenue* – when a product from one region was easily adapted to be sold to solve a problem in another region.

Build a team of change leaders.

The No. 1 focus of every CIO is to cultivate leaders. In fact, at least 20 percent of a CIO's time should be devoted to leadership development.

Build a team of people who recognize the new normal and can thrive within it. One concrete manifestation: you need people comfortable abandoning the waterfall development process for agile's iterative approach.

When I took over as CIO at UST-Global, one of the first things I realized I needed was to identify my own strengths and weaknesses, and figure out how to complement them accordingly within my team.

Then I took what I consider to be the most important step: I hired a professional coach to conduct a series of sessions with all of us, under the theme of "The Art of Possibility."

I expected everyone to bring new ideas and speak up. It was challenging, because we had to be more extraverted than IT folks usually are. But the results were tremendous. Our team moved from waterfall to agile projects very quickly.

Keep up – it's all about speed.

If Hoffman had waited until he could prove his case, Avery Dennison likely would still be without its social networking solution.

In the old normal, the risk of making a big mistake was greater than the potential reward. One fundamental change today is that the opposite applies.

Think about the early days of flight. Before IT, I was an aerospace engineer, so this subject is close to my heart. There was a literal “fly by the seat of your pants” mentality to testing the earliest planes. They didn’t have all the answers. They couldn’t do all their research beforehand. Those brave pilots just had to get up in the air and see what happened. That was the only way to learn.

The same holds true for us. We have to get in there, take the harder problems first, learn and move on.

Learn from consumer-based technologies.

Ten years ago the enterprise led the way in IT. You don’t need me to tell you that’s changed. Facebook, Google, YouTube, mobile phones ... their speed, flexibility, appealing user experiences. It’s all dramatically better than the apps we’re running behind firewalls today. Learn from and leverage them.

One key lesson: user experience is paramount. We all know this. Adoption is often the biggest challenge when rolling out a new app. One way to know if your user experience is up to par: if you have to train people how to use it, it’s not.

When we started running early versions of PeopleSoft, we received complaints from people accustomed to Google’s simplicity. PeopleSoft required five clicks to get anything done. We spent a lot of time making the user experience into something that was acceptable to users today.

Always look beyond your own walls to find inspiration. Today, great ideas come from consumer-based technologies. Tomorrow, those ideas might come from somewhere else.

Create an environment of innovation.

Innovation thrives in a culture that expects ideas, encourages risks and removes the fear of failure to the point at which people are actually willing to *take* risks.

At UST-Global, we’ve made it official. We have a system called Eureka, where employees – from any department – submit ideas. We research the ideas and track them to closure. If an idea is implemented and generates results for customers, we reward that employee financially. In one case, we ran a contest to generate ideas for a particular client. We got *1,000* ideas.

People are amazingly creative, especially when they see that their contributions are valued and taken seriously. But you won't get them unless you ask. Make your employees aware that you expect great thinking from them – no matter their title or department.

Remove constraint-based thinking.

Now that you're innovating, you have to make tough decisions.

Quite possibly the biggest challenge for CIOs today is to ignore sunk costs and make a decision based solely on what is best moving forward.

As I mentioned above, five years ago I invested our company's money in PeopleSoft. We put many hours into upgrading, globalizing and customizing it. Now I've got an upgrade coming. I have to decide: do we put more money into PeopleSoft, or do we migrate to a SaaS-based solution?

In the old normal, most CIOs would choose the upgrade as a way of defending their original purchase decisions. Today, they would quite possibly defend themselves right out of a job. Be willing to ignore sunk costs and cut those legacy systems if that is truly what's best.

We've entered an exciting time for CIOs. The new speed of technology and the pace of change give us a freedom – and an imperative – to act swiftly and boldly. For those who embrace this new normal, there will be endless possibilities.

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