

**PROFESI  
CHIEF INFORMATION OFFICER**

**Materi 3  
CIO menuju CEO**

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## CIO and CEO

- Benjamin, Dickinson, and Rockart (1985) suggested that the emergence of the CIO role represented the recognition of the importance of the role to be played within the organization.
- Kaarst-Brown (2005), however, suggests it is unfortunate that 20 years later, in 2005, the CIO is still held in lower regard than those senior managers of other more traditional business units

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## CIO and CEO...

- Kaarst-Brown (2005) suggests the reasons for this gap may be attributed to some of the items on the following list:
  - Personality conflicts
  - Lack of corporate technology vision
  - Poorly aligned IT goals
  - Lack of business knowledge
  - Lack of IT awareness among the business executives
  - Incorrect formal structure and reporting relationships

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## CIO and CEO...

- Both the CIO and the CEO are practicing leadership.
- One of the defining characteristics of leadership is the ability to develop and implement appropriate responses to a variety of problem situations.
- Leaders must solve an array of problems including resource allocation, interdepartmental coordination, interpersonal conflict, and subordinate morale, to name a few.
- where different situations require different management skills and different approaches for the CIO to become the next CEO

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## CIO as Professional Profession

- The main purpose of information systems in the value shop is to add value to the knowledge work.
- The CIO in the value shop is close to the knowledge work of professionals by providing support through knowledge management systems
- The CIO must relate to professionals and executives in their knowledge work

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## CEO & CIO Strategic Management

- At the level of strategic management, the positions of CEO and CIO have more similarities than at the level of operational management.
- In strategic management, competitive forces are just as important to the CEO as they are to the CIO when developing strategy.
- While the CEO may want to form alliances with customers to reduce customer power, the CIO may want to form supply chains with customers to improve the relative power of the firm even more

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## CIO Job Challenges

- As a manager of people, the CIO faces the usual human resource roles of recruiting, staff training, and retention, and the financial roles of budget determination, forecasting, and authorization.
- As the provider of technological services to user departments, a significant amount of work in publicity, promotion, and internal relations with user management remains

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## CIO Job Challenges...

- As a manager of an often-virtual information organization, the CIO has to coordinate sources of information services spread throughout and beyond the boundaries of the firm.
- The CIO is thus more concerned with a wider group of issues than most managers.
- The CIO is not only more concerned with a wider group of issues than most managers, but also, as the chief information systems strategist, has a set of responsibilities that must constantly evolve with the corporate information needs and with information technology itself

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## CIO Job Challenges...

- According to Earl and Feeny (1994, p. 11), chief information officers have a difficult job:
  - *Chief information officers have the difficult job of running a function that uses a lot of resources but that offers little measurable evidence of its value. To make the information systems department an asset to their companies — and to keep their jobs — CIOs should think of their work as adding value in certain key areas.*

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## CIO Role

- Creation of the CIO role was driven in part by two organizational needs.
  - First, accountability is increased when a single executive is responsible for the organization's processing needs.
  - Second, creation of the CIO position facilitates the closing of the gap between organizational and IT strategies which has long been cited as a primary business concern.

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## CIO Role...

- Alignment of business and IT objectives is not only a matter of achieving competitive advantage, but is essential for the firms very survival.
- Though the importance of IT in creating competitive advantage has been widely noted, achieving these gains has proven elusive.
- Sustained competitive advantage requires not only the development of a single system, but the ability to consistently deploy IT faster, cheaper, and more strategically than one's competitors
- IT departments play a critical role in realizing the potential of IT. The performance of IT functions, in turn, often centers on the quality of leadership, meaning, the CIO.

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## CIO, CEO dan COO

- Business strategist is likely to be among the most significant roles that CIOs will fulfill in the digital era
- the CIO must understand and visualize the economic, competitive, and industry forces impacting the business and the factors that sustain competitive advantage
- Further, the CIO must be capable of plotting strategy with executive peers, including the chief executive officer (CEO), chief operating officer (COO), and other senior business executives (Sambamurthy et al., 2001, p. 285):

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## CIO, CEO dan COO...

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- As a business strategist, the CIO must understand and visualize the economic, competitive, and industry forces impacting the business and the factors that sustain competitive advantage.
- Further, the CIO must be capable of plotting strategy with executive peers, including the chief executive officer (CEO), chief operating officer (COO), and other senior business executives. Not only are CIOs drawn into the mainstream of business strategy, but also their compensation is being linked with the effectiveness of competitive Internet actions in many firms.

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## CIO, CEO dan COO...

- With an understanding of current and emergent information technologies and an ability to foresee breakthrough strategic opportunities as well as disruptive threats, CIOs must play a lead role in educating their business peers about how IT can raise the competitive agility of the firm. Obviously, to be effective business strategists, the CIOs must be members of an executive leadership team and part of the dominant coalition that manages the firm.

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## Hybrid Manager

- Robson (1997) has suggested that CIOs have to be hybrid managers to be successful.
- Hybrid managers require business literacy and technical competency plus a third dimension
- This third item is the organizational astuteness that allows a manager to make business-appropriate IS use and management decisions that enhance or set business directions as well as follow them.
- It is fairly well recognized that hybrid managers are problematic, perhaps requiring built-in talent and personal qualities, but can be encouraged or discouraged.

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## Hybrid Manager...

- Hybrid users are the people involved in user-controlled computing, they combine a degree of technical competence with business literacy required to fulfill their primary role (Robson, 1997, p. 367)

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## CIO Wisdom

- In the book *CIO Wisdom: Best Practices from Silicon Valley's Leading IT Experts*, Lane (2004) discusses the extended enterprise CIO, background of the CIO, and reporting relationships.
- *The extended enterprise CIO*. One of the many transformations in our business institutions during the past decade has been the growing importance of the extended enterprise.
- As our businesses changed, so have the information systems that support them. The changing roles of those systems and of the executives that are responsible for them become a map for the broader transformations — in our commerce, in our culture, and in our socioeconomic relationships.
- By better understanding the changing role of the CIOs in these institutions, we can better understand the institutions themselves.

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## Background of the CIO

- **The technology leader:** This role incorporates the various engineering and information technology functions within a common functional area.
- **The business leader:** This role takes ownership of some IT-based tools and systems to satisfy their business requirements, which require that they become more knowledgeable about these tools and systems.
- **The strategist and mentor:** This role operates in a high-tech environment.
- **The corporate influencer:** This role is directly shaped by the type of business environment he or she must support, and his or her influence is driven by the characteristics of the business, including their relative maturity levels.

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## Background of the CIO...

- **Reporting relationships:** The CIO who reports to a CFO is typically part of the administrative side of the business and is always expected to focus on cost reduction as a key strategy for the IT organization. The CIO who reports to the CEO possesses a higher degree of freedom and responsibility than a comparable CIO who reports to the CFO.
- **CIO challenges:** The CIO role is inherently challenged because it is constantly beset by conflicts and problems. A CIO has to wear many hats: service provider, business enabler, business partner, strategic visionary, and company executive.

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## The CEO-CIO Relationship

- The quality of the CEO-CIO relationship influences the CIO's effectiveness and success as a business leader, and the value gained from information technology.
- CEOs are demanding and not always clear about their expectations. That can create a situation where their views are radically different from the CIO's perceptions, a situation fraught with risk for both. CEOs and CIOs often see the relationship between business and information differently. CIOs tend to view their role and contribution optimistically. CEOs, by contrast, are more critical (Gartner, 2005).

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## The CEO-CIO Relationship...

- The difference between how the CEO views the CEO-CIO relationship and how the CIO views this relationship creates the potential for a dangerous disconnect, limiting the value generated by information technology and the power of the executive team.
- Understanding the CEO's expectations and view of the CIO helps create the right relationship based on personal style and enterprise need.

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## The CEO-CIO Relationship...

- CEOs hire CIOs to fit with enterprise needs and the changing context. CIOs must understand the type of relationship they are in and the actions required to reach the right relationship type.
- Four relationship types describe how CIOs relate to CEOs: at-risk, transactional, partnering, and trusted-ally.
- These relationships are not set in stone.
- Sudden events — a change of CEO or a strategic IT initiative — can change the balance.
- And, if both CEO and CIO are open to the possibility, they can change the relationship.

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## Relationship Step CIO - CEO

- The first step for the CIO is to understand where his or her relationship is now, through self-assessment and dialog with the CEO.
- Then, the CIO uses that information to decide the next step, and move one step at a time, cementing credibility and the enterprise's appetite for change at each level.

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## Relationship Step CIO – CEO...

- According to Gartner (2005), CIO success stems from a four-step cycle — leading, shaping demand, setting expectations, and delivering.
- The CIO is recommended to build an action plan based on this cycle, tailored to personal relationship type.
- The plan might have tangible, time-bounded goals. Embedded in the plan might be six powerful and proven practices: get coaching and mentoring; make time for relationship building; take on non-IT responsibilities; build the strength of deputies; educate personally; and educate shareholders. This will increase the chances of achieving the right CEO-CIO relationship.

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