COME TOGETHER:

Business and IT Executives

By Peter Dorfman

See Their Roads Converging

Is this the year the walls around IT and support finally come down, once and for all? There is a well-recognized chasm in many enterprises. On one side are the engineers and support people who keep the organization on the technological cutting edge; on the other is "The Business," those people on the other floors who sit in conference rooms or jet around the globe doing…whatever it is the organization was set up to do. Bridging that chasm is a long-cherished ideal.

Or, from a different perspective: To bring the gearheads in IT up to speed on the strategy and critical business processes that enable the organization to provide services and create value—generating the earnings that enable the organization to sustain, among other things, an IT department.

Those silo walls probably aren't coming down this year, or even next year. But the trend clearly is in the direction of closer coordination between IT and core business functions, and people who've grown used to working in rigidly siloed technological ivory towers are beginning to hear chisels chipping away at the foundations.

The global consulting giant Accenture has just published its fourth annual survey of CMOs and CIOs on the state of the relationship between these two essential functions. In a Harvard Business Review blog, Accenture Digital CEO Mike Sutcliff reported that 69 percent of CMOs say they need to align and interact with IT on their strategic priorities (vs. 56 percent in 2012). Meanwhile, 83 percent of CIOs say that they need to align and interact with marketing (vs. 77 percent in 2012). So, while there is inertia to overcome, attitudes clearly are shifting.

CIOs still preside over their own stacks where the technological expertise is managed and nurtured, and IT's staff still speak a dialect distinct from that

of the marketing or finance functions. But increasingly the CIO has a seat at the table where corporate strategy is developed and guided, and CIOs have gathered around them directors and managers whose roles are to bridge the knowledge gap between technologists and business people.

The growing involvement of technology leaders in business strategy reflects a fundamental reality: In virtually every business today, business is increasingly virtual—or, at any rate, increasingly digital.

The days when network communications and the Internet were seen as tools to disintermediate and take costs out of operations and marketing are over. At the level of corporate strategy, the cloud is the market; operations are global, digital, constantly in flux, and dependent as never before on web- and mobile-connected technology.

A growing preoccupation with the "customer experience" and the influx of new marketing-oriented tools—Big Data for market analytics and marketing automation, much of it entirely cloud-based and off-premises—is beginning to blur the lines of authority. Just because these are technology assets, does that mean IT has to own them, or do these tools really belong to marketing? Gartner has projected rapid growth in technology spending in corporate marketing functions, and predicts CMOs will be spending more on new technology than CIOs by 2017. And one of the hot new titles, at least among US companies, is Chief Marketing Technologist.

"Business people never wanted to understand technology before, but now it's part of their lives every day," says Barry Libenson, CIO of Safeway Inc., one of the largest grocery retail chains in the US, based in Pleasanton, CA. "People would rather not have to go to a store or talk to someone on the phone if they don't have to. The product itself is increasingly digital. Ordering online is easier and less prone

to errors. It's impossible to live in this society and not be inundated with technology. That's the reality, even for a large brick-and-mortar operation like ours."

The potential impact on the service desk and customer support functions is obvious and profound. Pure technical knowledge is essential in organizations—essential, but increasingly commoditized. Never a glamor job to begin with, support staff face a tight market for their skills. The industrialized economies are stuck in slow-growth mode. Constant pressure from the investment community to manage costs has kept wages stagnant and hiring slow.

As the important tools of business move off people's desktops and into the network or the cloud, it matters less and less where implementation and support people sit, and it gets increasingly difficult for tech people to differentiate themselves as

having unique skills. Many of these jobs have been off-shored or concentrated in low-wage, low-cost-of-living states; not even software developers are immune anymore.

So, what is differentiating in the market for support talent? IT leaders say it's the ability to speak the language of the business, to understand the fundamental mission of the company and the drivers of commercial success—to see how technology can generate new opportunities for the business to generate value, propose original solutions that contribute to revenue-generation, and help the business to adopt these technologies successfully.

In short, while there will always be a place in organizations for the brilliant technical lone wolf, that place is likely to be in Texas—or in Manila, Ho Chih Minh City, or Chennai—and there may be fewer opportunities for advancement. Advancement will come easier to those with strong commu-

nication and consultative skills who are fluent in the language of marketing and operations. Those individuals will have an easier time differentiating themselves and building the relationships needed for career growth.

Closer Integration

Closer coordination between the roles of the CMO and the CIO has been well documented, and probably was inevitable given the explosion of digital media for marketing, customer relationship management, and cloud-based customer support. Technology is redefining marketing, from one end of the customer experience to the other.

Aligning services with technology is something about which companies simply don't have a choice, Libenson suggests. "The challenge is customer expectations," he says. "When you have competitors like Amazon and other disintermediators entering

the market, you either adapt and change or run the risk of becoming irrelevant. Buyers are digital-savvy and expect different treatment. We're seeing the digitalization of entire industries. Manufacturing companies historically have had to use technology to improve how they manufacture, run their supply chain, and interface with customers. Now no industry is exempt."

But achieving alignment is easier said than done. Accenture's study found evidence of growing friction between marketing and IT: 41 percent of CMOs reported that their companies' IT teams don't "understand the urgency of integrating new data sources into their campaigns." That's up six percent from the 2013 survey. Meanwhile, 43 percent of CIOs say "marketing requirements and priorities change too often for them to keep up," and 25 percent of CIOs believe that "CMOs lack the ability to anticipate new digital channels," more than double the

2013 number.

Still, companies are trying to ensure harmony, at least in the C-suite, and are putting programs in place to foster closer collaboration between business and technology staff, at least at the director and manager levels. They also are trying to establish ways for frontline staff to distinguish themselves by their ability to synthesize ideas from the business and technical spheres, not only to reduce costs but also to give customers a higher value experience.

Concrete Initiatives

One company that has put several such initiatives in place is First American Title Insurance Company, a 125-year-old firm serving the mortgage industry. Based in Santa Ana, CA, First American employs 17,000 professionals, including about 1,000 in IT, in the US, India, and the Philippines.

"We have a program called FA IT University, where we have launched a weekly webinar called SHARE IT focused on educating IT on what's going on in the business and how they align with IT best practices," says Pete McGarahan, senior director of IT. "We have about 150 IT people attending weekly and the feedback has been very positive."

First American has created cross-functional teams for business-impacting projects involving application development, infrastructure, and the business stakeholders, following the Six Sigma project methodology—standard on the business side, but relatively new to IT.

"We've created an office outreach program to get our technical desktop team more regularly and proactively in touch with our offices to better service their technology use for business productivity," McGarahan adds.

First American recently engaged with the Disney Institute, the business consulting and professional

development division of The Walt Disney Company. "That is the foundation that empowers employees to get engaged and make the magic happen, delighting guests with memorable experiences," McGarahan says. In particular, First American sought to learn from Disney's adoption of the Harvard Business Review's "Service-Profit Chain Framework" (1994). What's novel about First American's implementation, however, is that CIO Larry Godec encouraged IT people to work alongside their counterparts from the business, as peers, to adapt the framework to First American's operations.

"In some ways, Larry's a typical CIO—he wants to be involved in technical details," says Jeremy Hart, director of IT Learning and Development at First American. "But he's become increasingly business-aligned in his tenure here."

For Libenson, who presided over business-technical integrations as the CIO at Ingersoll-Rand and Land 'O Lakes before arriving at Safeway, a key has been to surround himself with director-level staff who were recruited for their skills in bringing business and technical people together.

"I've identified people within the technology organization whose only responsibility is to bridge the gap between the business and IT," he says. "I have someone on staff in the pharmacy area who is very strong technically but also understands how pharmacies operate. I have somebody who came out of a consulting role who fundamentally understands the supply chain, but also understands technology. They work for me, but it's their responsibility to be the liaison to the business—to make sure the business is educated and can achieve its objectives."

First American has developed similar bridging roles. "Our infrastructure team has business relationship managers who serve as liaisons to operations," Jeremy Hart says. "We have engagement managers who

meet with our direct business channel, to understand the 'road map' of the business, which isn't too different from a product development road map on our side. Those roles just popped up in the last year or two. We're still trying to understand how we do this well."

Currently, IT and business people are collaborating on First American's conception of the "Digital Workplace," Hart says. "The business is trying to define the work environment of the future. Mobility, identity, document management, e-signature… what does all that look like over the next three years? And how do we work together to achieve that?"

Customer Experience

One of the ways companies are nurturing closer collaboration is by pulling both business and technology resources into deep analysis of the customer experience.

As products and services become more complex and harder to differentiate in terms of features and attributes, prospective customers are taking longer and requiring more information before deciding to buy. The "customer journey," as marketers commonly call it, is getting close scrutiny, from the early recognition of a need all the way through product evaluation, purchase, and beyond. The postsale support the customer receives addresses a crucial phase of the customer journey, and may determine whether the company can expect recurring revenue from this relationship. Here is one place where marketing, sales, and support interests converge, and business and technical expertise can work synergistically.

David Kay, principal of DB Kay & Associates, a consultancy based in Los Gatos, CA, counsels clients on the customer experience as a focal point for managing the support function. DB Kay has helped

clients map their customer journey to better understand it. "We started with a large B2C company, focusing on its help site, to improve the post-sale experience," Kay says. "We formalized that service, and it's been in our service catalog for about a year now."

A customer journey map may emerge from a casual whiteboard exercise, with colored sticky notes representing types of buyers ("personas"), issues that prospects face in deciding on a particular product, and the touchpoints where the company interacts with the customer. Mapping may be a much more formal process; it may even be automated to a degree.

The journey map is a tool to understand what happens at each moment and each touch point, typically including certain "Moments of Truth" at which the buyer faces complex and potentially make-or-break decisions. The map allows product manage-

ment and sales organizations to analyze how their touchpoints handle each of these predictable moments, to provide the best possible customer experience within the available budget, and maximize the likelihood of closing sales.

The analysis of the customer experience is a place where business and technical expertise intersect—and where the walls between the CIO's silo and the business really can be breached. This is one area where support has a huge incentive to involve itself in fundamental business strategy.

"The support person cares a huge amount about what's happening in the sales process, because expectations are being set about what the product will do, and what support will do," Kay observes. "Support people often feel sold out by what's being said upstream in the sales process, setting customers up to be disappointed with the support experience."

Metrics for Success

How do organizations know when the blending of technical and business skills is paying off? Direct ROI is difficult to measure precisely in terms of cost reductions or revenue growth, so what CIOs tend to focus on is transparency.

"I reorged the entire IT department," Libenson recalls. "Every new CIO does that, but a big part of our realignment has been to improve our accountability for the business interaction and remove ambiguity about responsibility. A lot of the time, nobody in the business even knew who in IT they were supposed to be talking to. Alignment with the business is the first thing you take on; there's no point in throwing technology at service delivery problems before you've solved that one. We also established a project management office to add accountability for projects. And we made IT a service we provide to the business and that they pay for, and they know how much they pay for that service."

First American, similarly, has focused on the transparency of IT service costing, McGarahan says. The CIO's office breaks down the IT budget into service components, and then shares with the business how much each of those service components is costing them. The department also provides a quarterly IT report card, with one or two key performance indicators for each of the IT service areas. Such KPIs might include ratios of people to devices, costing, or customer satisfaction metrics. First American also is starting to measure hours in training for IT people, and that training includes a business overview.

Clarity about costs serves to tighten the bond of trust between IT and the business it serves. That trust is critical to IT's evolution from a cost center to a trusted advisor to the business—an evolution

that, as is becoming clear, the other executives in the C-suite are as eager to see as CIOs are.

"Not that long ago," Hart muses, "technology was a big differentiator among companies, because not everybody had it. Now everybody has technology, so what became the differentiator? It was effectiveness in managing that technology. Well, along came ITIL, and that's very widely adopted now. What's the next major differentiator? It's going to be this bridging of the technology and business drivers: the full-on integration of IT best practices and business intelligence. That's the next big stage in IT's maturity."

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