



Get in touch

“I am always looking for an angle, looking for a better way, so it’s no surprise that I have been drawn to the IT industry where seemingly everyday a great new idea hits the market. While there is much hype, I believe in the power of technology to make a positive difference for businesses, communities, families and individuals and my aim is to support the industry to deliver on this promise.”

Owen McCall



CREATING IT VALUE

BY OWEN MCCALL

OWENMCCALL



Copyright © 2016 by Owen McCall Consulting Ltd

This work is copyright. You have permission to download, post, email, print and pass this publication along for free, as long as it is unaltered, you make no changes or edits to its contents or digital format and it is not done for the purpose of your own personal or your organisation's pecuniary gain. Please pass it along and make as many copies as you like. The author reserves all rights to reproduce this publication as a book for commercial sale.

Disclaimer

We care but you are responsible.

So please be sure to take specialist advice before taking on any of the ideas in this publication. This book is general in nature and not meant to replace any specific advice. Owen McCall Consulting Ltd, employees of said company and brand derivations disclaim all and any liability to any persons whatsoever in respect of anything done by any person in reliance, whether in whole or in part, on this eBook.



Contents

CREATING IT VALUE

A Note From Owen McCall	4
The CIOs First Order of Business	6
The IT Hierarchy of Needs	10
Are You Winning?	20
The Number Cruncher's Guide to Delivering IT Value	23
The CIO, CFO Relationship	26
About The Author	29
Reference / Publishing History	30



A note from Owen McCall

INTRODUCTION

Dear Readers,

Firstly, welcome to my eBook!

Organisations invest in technology because they believe it will make their business better at what they do. We now have a substantial body of research that shows that organisations who have world class IT teams have better margins and higher growth than their industry peers. Some examples of this research include:

1. An Accenture study of European manufacturing and distribution where they found that high performing IT organisations spend 15% -20% less than their peers, while still being able to invest more in IT enabled innovation, driving more value, higher earnings and growth.
2. In their book, IT Savvy, Peter Weill and Jeanne Ross report on MIT's Centre for Information Systems Research (CISR) where they have found that the most "IT Savvy" firms:
 - a. are 20% more profitable
 - b. the top 18% of firms with the best portfolio management practices have higher profitability
 - c. firms that are above average on IT Savvy and IT spending have margins that are 20% higher than industry average vs those lower in both, whose margins are 32% lower than industry average.

It's not just about the results for their organisations. Without exception the CIO's of these high performing firms are more influential in their organisation and are seen as strategic business leaders. In these circumstances perhaps the only real question worth asking is how do you create a high performing IT team, that is, one that delivers real value to their organisation?



A note from Owen McCall

INTRODUCTION

In what is perhaps a sad commentary about my life, I have obsessed on this question for over a decade now. The results of this obsession have been captured over time in my blogs, some published others not, but I thought it is time to begin to pull them together and make them easier for people to access. Hence this eBook.

This eBook does not represent the end of my obsession, merely a step in the journey. I hope you derive enjoyment and value from reading it. I would love to hear from you about your experiences in building a world class IT team, what worked for you, what didn't and maybe we can take the next step on the journey together.

Cheers,

Owen



Chapter 1

THE CIO'S FIRST ORDER OF BUSINESS

“Before you can be influential you need to be seen as fundamentally competent.”

After months of preparation and work across the organisation, today was the day that I would discuss the proposed IT strategy with the Chief Executive. It wasn't the first time we had talked about what our IT strategic direction should be, or how IT would support and enable the business, but this was the first time that all this thinking was in one document for a full discussion. The team had done a great job pulling all this work together and I was both excited and a little nervous about the conversation to come.

The time came and I walked into his office. His first words to me were not “Hello Owen, how's things?” No, his first words were “Why are there no sales reports today?”

My heart sunk. This represented two problems. Firstly, retailers live by the daily sales and margin reports in much the same way that people say an army marches on its stomach and secondly, I was not aware that there had been a problem with the sales reports. If I was, I would have gotten in first with an update on why and what we were doing about it.

Over the next hour or so (it seemed much longer) our discussion was focused on why there were no sales reports and how I and my team were so incompetent that we couldn't produce something as critical and simple as sales reports. We barely mentioned the IT strategy, which was probably just as well as he was not in a listening mood.

As I left the meeting I was gutted. I went back to my desk and contemplated the injustice of it all, or perhaps more accurately I felt sorry for myself. It wasn't too long though before I began to move to action.



THE CIO'S FIRST ORDER OF BUSINESS



Firstly, let's deal with the urgent. What had happened to the sales reports, when could we expect them to be distributed and how come I didn't know as I was meant to be alerted of all P1s (high priority system faults/incidents)? As it happens, I had decided reports were not critical as they don't stop trading or our global supply chain. I changed that decision!

The sales reports were delivered just after lunch, along with an explanation of why it happened and what we were changing so it wouldn't happen again. Now I began to reflect on the implications of the morning.



THE CIO'S FIRST ORDER OF BUSINESS

As time went by I realised that this meeting was symbolic of one of the most important lessons I ever learnt as a CIO. That is, before you can be influential you need to be seen as fundamentally competent.

Professionally, my goal has always been to use technology to add value to the organisations I have worked for or consulted to. Over the years I had learnt that to add real and significant value requires two things:

1. You have to be strategically relevant, that is, you have to understand your business and the issues your peers are dealing with on a daily basis. This is particularly so where the issues relate to the customers and markets you serve and how your organisation differentiates itself to compete in these markets.
2. You have to be influential with your peers so that when you talk knowledgeably about how IT can deliver value to the business or how IT was altering the competitive landscape, they listen.

I had no hope of being influential at that meeting with my CEO because in his mind, at that moment, I was seen as being incompetent.

So it was stuck in my mind, as a CIO the first order of business is to be competent.

For a CIO, core competence means:

1. The organisation's systems are reliable and run when needed and when the users expect them to run;
2. We deliver projects on budget, within a reasonable time frame and with the functionality and user experience that is expected;
3. We are a prudent and effective steward of the organisation's resources, particularly cash.



THE CIO'S FIRST ORDER OF BUSINESS

When you do these things well, people begin to acknowledge that you are competent and worth listening to. If you add fantastic customer experience to this core competence, then you begin to create advocates. Advocates are gold because not only do they say great things about you but they trust you, reach out to you, listen to you, and are open to influence.

This is where true partnership begins and through partnering with your peers comes the real and tangible opportunity to create value.



Chapter 2

THE IT HIERARCHY OF NEEDS

“The IT Hierarchy of Needs provides a basis for understanding what needs to occur in order for you to be able to deliver business model innovation and differentiation for your organisation.”

About 5 years ago I made a major career move. I left the consulting business, a business I had been part of for 18 years since leaving University, and moved into the corporate world. My reasons for the change were many and I won't bore you with all of them, but one major motivating factor was that over many years as a consultant I was frustrated that I seldom got to see the fruits of my labour, that is the final results, from the projects I had led or been a part of.

As a consultant we tried to build ongoing capability within our clients (yes, really, we did try!!) so I usually left my client after the implementation project was over. Most IT enabled projects however take time to actually deliver the promised benefits, so I rarely got to see the final results achieved. Worse yet, I could see that in many instances the decisions that my clients were making meant that they were well on the path to ensuring the project failed to deliver on the promises that were made. I found this very frustrating as it meant all my hard work and all the hard work of the team would be wasted or worse we would get blamed for a bad result.

I do believe in the power of technology. I believe that technology has the potential to be a major catalyst of change and a source of competitive advantage. What we as an industry deliver, however, is somewhat different. As an industry we consistently fail to deliver against the expectations that we set. The statistics and evidence for this is everywhere. For example, depending on the study you look at 30% to 70% of all projects fail.



THE IT HIERARCHY OF NEEDS

Most CEOs and senior non-technology executives believe that IT costs them too much and does not represent value for money and worse, that IT is a drag on the organisation and slows change and agility!! Oh, and to take perhaps a silly example, has anyone seen the paperless office? I wanted the opportunity to deliver on the promise of IT and consistently add value to the organisation and indeed provide competitive advantage. I felt that by "changing sides" I would get this chance.

So full of the joys and hope of the world I set off to be a CIO. What I found was an IT organisation in disarray.

There was no time or money to focus on driving competitive advantage because our systems didn't work or at least didn't work consistently. In the first 60 days in my new role our IT department had 62 priority 1 issues, issues that directly impacted our ability to trade, or buy and move inventory (which is a bit of a problem for a retailer) or meant that hundreds of people were stranded unable to work. Most of our time was spent fixing these systems. When we did get a chance to think about broader strategy issues and issues of competitive advantage, no one wanted to listen! The general feeling - don't talk to me about IT for competitive advantage, please just make sure the systems work!!

The IT team hated that no one wanted to listen. They worked hard (sometimes all night to bring systems back up). They were smart. They held the keys to so much potential. They felt that no one understood them. No one valued them. As for me, I had a lot of empathy for my team. They were smart and they did work hard, but really I was on "management's side." As I looked at our department and our systems there was no way I would trust us to deliver major strategic initiatives. We couldn't even run our systems! We were nowhere near competitive advantage and the realities of corporate IT began to sink in.



THE IT HIERARCHY OF NEEDS

I began to ponder -how do we get from where we are today to be in a position to deliver value to our organisation and ultimately be a source of advantage?



I began to research. I read, books and analysts papers, I talked to peers I went to conferences and seminars. No matter how hard I looked, however, I couldn't find anywhere a consistent map or guideline of how to move from a dysfunctional under-performing "anchor" to a team that was the source of advantage for our organisation (perhaps to complete the nautical metaphor, the sails that provide the power to push the organisation forward)!

I found pieces. One important piece was an outline of what an IT department in a high performing organisation looked like. Surprisingly high performing companies generally had high performing IT departments!! These IT departments spend less on average than their peers, but still manage to invest more in competitive advantage and (presumably) deliver the value of that investment. The implication - they are very operationally efficient (about 40% more efficient than average).

We weren't very operationally efficient. Based on some statistics I managed to put together I reckoned we were about 20% - 25% less efficient than average. So what to do? I sat back and thought. Over time a few things came to mind.



THE IT HIERARCHY OF NEEDS

Firstly if our systems don't work nothing else matters!! Our priority number 1 was do whatever we needed to do to make sure our systems work. I couldn't believe that anybody was going to engage us in a strategic conversation if we couldn't get the systems working.

I had used ITIL in a previous life and while not an expert it seemed to be a sensible framework to help us move forward, create a common way of running our systems and to improve system reliability. Also many members of the team talked about ITIL as something that they thought had value. So, there we had our first key decision. Drive system reliability. Use ITIL as an organising framework for everything we did and use ITIL methods as a way to improve system performance. Bringing this to a reality became the major focus for the majority of the IT team for the next 4 years.

The next thought came as I was reflecting on the teachings of Stephen Covey and The 7 Habits of Highly Effective People. Specifically I began to dwell on Covey's concept of the Private Victory and how the Private Victory needs to precede the Public Victory. Broadly speaking I interpreted this as meaning you need to sort your own shit out before you were in a position to effectively engage with others. That is, you need to be independently healthy before you can effectively synergise with others.

In hindsight this seems obvious. Why would anyone ask us to help them if they couldn't at least see that we were capable of helping ourselves and we're good at our own job!! (I later came to realise that this was true for all parts of the business and that the way you work with a department who hasn't achieved the private victory is very different to the way you can work with one who has. Maybe I'll write more on this later).



THE IT HIERARCHY OF NEEDS

So I began to turn my attention to answering two questions.

1. What does a very good IT department look like? (I had some guidance on this from the high performing organisations work mentioned previously) and;
2. What do you need to do to create a very good IT department?

I started researching maturity models. It seems that in and around IT we have maturity models for just about everything but I couldn't find one for an actual IT department. Maybe I needed to make one up! My mind fell onto Maslow's Hierarchy of Needs. I have no idea why or how this happened. While I was aware of the concept of the hierarchy of needs I wasn't really a great scholar of Maslow's work or psychology generally (this has changed over time and the more I study leadership, myself and people's reactions to the world and others, the more the topic fascinates me).

Through the Hierarchy of Needs Maslow teaches us that when it comes to motivation some human needs are more important than others, thus forming a hierarchy. For people the first basic set of needs relates to our physical needs, such as the need for food and shelter. While these needs are unmet nothing else really matters. If you are starving to death the only thing that is important is finding food. There is no room for anything else. Once these physical needs are met, however, then they stop motivating you and you move on to the next level of the hierarchy.

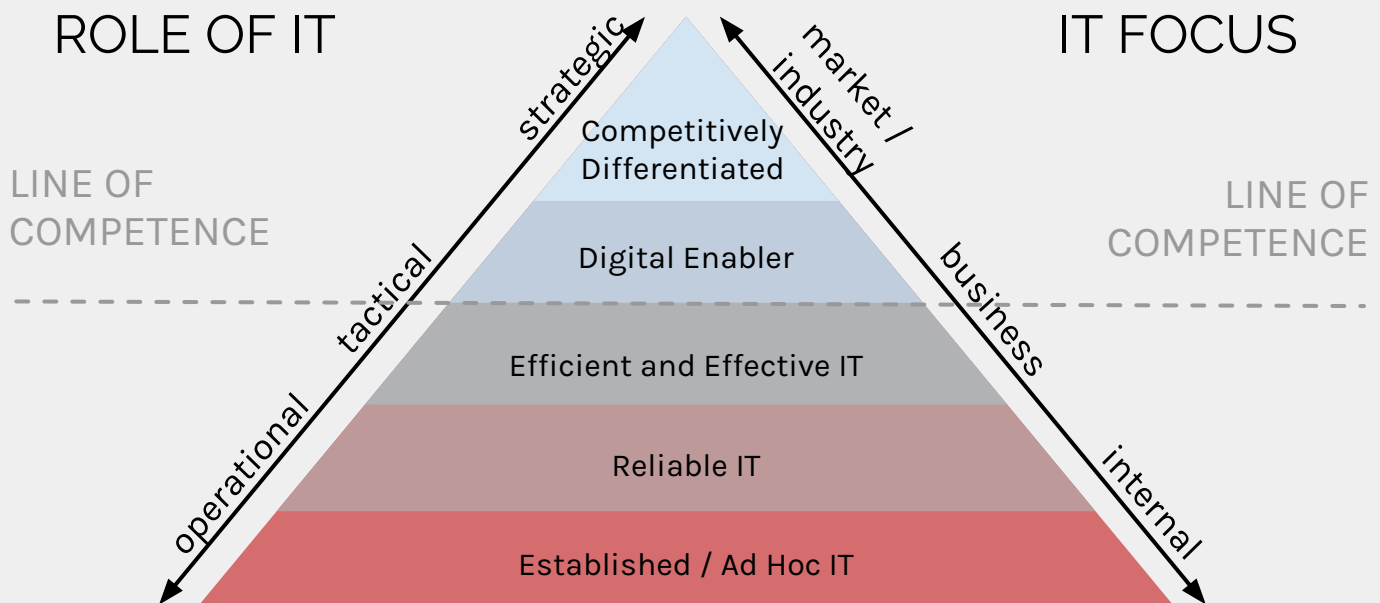
In Maslow's case the need for safety. This compulsion continues until satisfied and then the failure to motivate cycle continues until we reach the ultimate state of self-actualisation. For those who are interested Wikipedia and Businessballs.com both have good summaries for Maslow's Hierarchy as I'm sure do many other sites.



THE IT HIERARCHY OF NEEDS

It seemed to me that Maslow's concept of a Hierarchy of Needs fitted very neatly with Covey's work of driving change from the inside out (i.e. private victory precedes public victory).

I began to mess with these ideas and came up with the following IT Hierarchy of Needs:



THE IT HIERARCHY OF NEEDS



THE IT HIERARCHY OF NEEDS

The IT Hierarchy of Needs provides a basis for understanding what needs to occur in order for you to be able to deliver business model innovation and differentiation for your organisation. Further it explains what you need to focus on today to meet today's needs and provides an explanation as to why we do or do not have influence as a department, or as a CIO within our organisation.

You'll notice that the first two layers of the hierarchy are internally focused and represent the private victory of IT becoming a high performing IT organisation. The top two layers of the hierarchy represent IT's ability to build synergistic relationships with all departments to create sustainable advantage. The reality is, if you haven't shown your ability to operate a high performing IT department then the organisation will not trust you as a partner with issues of enablement outside of IT or with issues of enabling substantial changes to your business model.

One point of clarification. The IT Hierarchy of Needs shows where the IT organisation needs to focus. It does not say that innovative projects are impossible if your main focus is on for example cost effectiveness. It does, however, say that this innovation is probably at the request of the business rather than as a result of a true partnership between IT and the business, as you are unlikely to have the credibility to effectively partner. In these circumstances clearly the projects must be done and they represent a great opportunity to do them well and further build credibility, while still primarily focusing on the core need of cost effectiveness.

So what are the levels in the IT Hierarchy of Needs?

Reliable IT. Employees use technology to make their daily jobs easier to do, however if your systems are not available when they should be then work stops. So while Established / Ad Hoc IT is the lowest level of the hierarchy, the first value stream for the CIO to deliver then is reliable systems so work doesn't stop. In reality this isn't so much about delivering value as it is about the removal of an irritant and destroyer of value and influence.



THE IT HIERARCHY OF NEEDS

Efficient and Effective IT. Like it or not organisations run to the heartbeat of money. It doesn't matter whether you are a for profit, a not for profit or a government department, it is money that makes organisations run.

If you want to be influential you need to be able to demonstrate that you are an effective manager of money. If you are seen as a person who is careless with money your influence will be diminished and people will wonder if you understand the basics of business and management.

Digital Enabler. This is where value creation and influence really starts. This value stream is about making the business as a whole more efficient and effective at what they do. IT contributes to this by fulfilling the four jobs of technology.

These four jobs are simplify work through process automation, improve decision making through the use of information, support customer and team engagement through data supported social interaction and finally real time monitoring, leading to automated sensor based “detect and act solutions. CIOs who can successfully deliver change programmes, that optimise their organisation, are very powerful and influential indeed.

Competitive Differentiation - create new value. We hear a lot these days about new and disruptive business models and more often than not the new business models are made possible by innovative uses of existing or new technology. Whether it is the creation of new products and services, the ability to access new markets or customers or simply a much cheaper way to serve an existing need. This is perhaps best described as the CIO alchemist, creating value when none previously existed.



THE IT HIERARCHY OF NEEDS

Honestly I do not really know what happens at this level of the hierarchy as we haven't achieved this and are some way off getting to here (our current focus is business enablement). I do believe however that when you are seriously focusing on new business models there is a lot more at play than simply technology. For example the role of disruptive technology and the difficulty that incumbents have in nurturing disruptive technology will need to be examined. I am a fan of the work that Clayton Christensen has done in this area.

So, that's my version of the IT Hierarchy of Needs. It plays a major role in our IT strategy, what we do day to day and how we explain why we do what we do in IT. The hierarchy of needs philosophy is beginning to be picked up by other parts of our business. They are looking at the technology and asking how they can apply it to their parts of the business, so we are starting to get a shared development language.

Another key part of how we operate is the concept of persistent needs. That is, focusing on those issues that are ever present no matter how good or bad you may be. I will explore this topic and how it relates to the Hierarchy of Needs in more detail in the future.

Finally some acknowledgements. None of the ideas presented here are really mine. Pretty much everything is borrowed. While I have acknowledged two key sources being the work of Abraham Maslow and Stephen Covey, the reality is that this thinking is the result of many ideas from many sources and many tangential thoughts.

While I was developing this framework I thought the final outcome was unique. I have since discovered that a number of other people have taken the ideas of Maslow, in particular, and applied them to IT. This includes Stephen Sheinheit CIO for Metlife, Cathy Harris from Gartner and Claude Durand from Osiatiss.



THE IT HIERARCHY OF NEEDS

It is very reassuring to me that others have reached similar conclusions as it provides a source of validation to my thinking. To the extent that I have inadvertently borrowed someone else's ideas, thank you for helping me on my journey and I apologise if it has caused you angst as it was unintentional.





Chapter 3

ARE YOU WINNING?

“I am constantly astounded at the number of people who cannot answer this question or can only answer it with generalities or anecdotes. They have no, or very little, objective data.”

I am a big fan of the Breakers. I am a season ticket holder and go to every home game. I have also followed the team to Australia to watch some of their recent finals success. As a fan of the Breakers it's pretty easy to know how they are doing. As they play the game you look up to the scoreboard and see the score. I can also quickly see some other important information, such as the number of team fouls in the quarter (are we going to be giving up free throws) and the amount of time to go. I can also see the highlights of individual's performance. How many points have they scored, how many fouls do they have (and the risk that some of our best players may need to be removed from the game), and in some arenas, the number of rebounds a player has.

At the end of the game I can go to the NBL website and see the key statistics from the game and as the season moves on I can look at the team's overall performance. I can find out their win loss record, the season to date statistics for the team and individual players, not just for the Breakers but also for teams and individuals across the league.

Over the past few seasons the Breakers have been exceptional. So far this year it's not so good but I remain a loyal and hopeful fan. The point however is this, there is no mystery about how the team is performing and whether they are on track to win the championship, or not, and what the key performance issues are.

Now here's my question.

Do you know how you and your team are doing?



ARE YOU WINNING?

Are you winning and how do you know? I get to ask these questions a lot as I meet with various people as part of my work. I am constantly astounded at the number of people who cannot answer this question or can only answer it with generalities or anecdotes. They have no or very little objective data. Unlike the Breakers, they have no scoreboard or competition ladder to refer to in order to understand performance.

It's no wonder then that we hear our CEOs and CFOs saying things like 'IT sure costs a lot but I can't see the value' and the IT team bemoaning how they are misunderstood and people don't understand how hard it is. The consequences of this are profound. For example, you have no way of agreeing with your manager and the organisation in general what level of performance is expected or acceptable outside of something like "We'll play hard or harder."





ARE YOU WINNING?

You cannot easily and objectively identify areas where improvement is needed. You have no way to demonstrate if you are adding value and doing a good job. It's like the Breakers trying to proclaim they are champions when the games aren't scored and we don't know who won which games. This environment is a breeding ground for misalignment and uninformed opinion, because there is nothing else. So how do you change things? By implementing a clear, objective and agreed scoreboard, which defines what success is, and tracks key statistics that underpin and leads to that success. Here is a 5 step process to get you started

Step 1: Research and understand what success is for your team and what are the key statistics you should track as indicators to that success. The work of Heskett et al in defining the service profit chain is a great place to start. It defines the dynamics for service organisations and is appropriate framework for IT service organisations.

Step 2: Define clear quantifiable statistics/measures that you can track to demonstrate success and progress. Discuss and agree these measures with your team, with your peers and with your manager. While there are some standard measures available for defining IT performance, every team will be different as we all support different organisations.

Step 3: Understand your current performance on the defined measures. It is likely that when you first do this exercise that you will discover there is a lot of data missing. If this is the case set about capturing/creating the data you need. In the interim consider implementing substitute measures to get you started.

Step 4: Agree targets for the measures which everybody understands. Get agreement that if these measures are achieved this will define "winning" for your team. Work with your team to understand what they can and need to do to produce that result.

Step 5: Align your management and reporting processes around these measures. Collect statistics, review performance and progress, learn from your actions and adjust as needed.



Chapter 4

THE NUMBER CRUNCHER'S GUIDE TO DELIVERING IT VALUE

“In the complex world that we live in value is primarily about perception, not accounting numbers.”

I'm a qualified accountant. I even sometimes read the *Accountants Journal* - there, I've said it!

As an accountant and a CIO I am intrigued by the debate within the IT community about how businesses should account for IT. Should it be a cost centre? A profit centre? Or a standalone, semi-independent business unit? From what I can tell, the argument is that how an organisation chooses to do its accounting determines, or is an indicator of, how IT is seen strategically in the organisation. The logic seems to be that if you want to be an IT team that is strategic and adds value, then you need to be a profit centre as a minimum, or better yet a semi-autonomous business.

If you find yourself as a cost centre, watch out, because this means that you are seen as a non-value addition and simply a cost of doing business. It gets worse. As a cost centre the only questions that are asked of you is how can you reduce IT costs even lower than they are now. You are never asked about how IT can contribute to the strategic value of the organisation by driving revenue growth or helping to open up new markets.

The recommendation is that you get out of this cost mentality by becoming a profit centre or independent business unit. Charge the business for your services, create a profit, control your own balance sheet and then the business will begin to see you as adding value. As a result, the focus will shift from how can we drive down IT costs to how can we maximise the IT profit and strategic value?

My experience is that this whole debate is spurious.



THE NUMBER CRUNCHER'S GUIDE TO DELIVERING IT VALUE

If I use The Warehouse as an example, it doesn't matter if you are a cost centre or a profit centre your costs are scrutinised mercilessly. How the accounting works does not shield the profit centres at all. I admit that The Warehouse is particularly skilled at cost management. However, every organisation I have worked for, or worked in for any length of time, is the same. Costs are scrutinised in detail.

I hear some of you saying that this cost focus is counterproductive, as a company cannot cost cut its way to greatness. This is true enough, however no organisation ever became great by being lazy about its cost control. To me this whole cost centre/profit centre discussion is a waste of time.

In the complex world that we live in value is primarily about perception, not accounting numbers.

If you are seen as a non-value additional cost of doing business, your focus should be on understanding why that is and putting in place an action plan to correct it. Most likely the issue will be in one of three areas, or a mix of all three:

1. The services you are delivering are not meeting the service level expectations of your business. This can be both under delivery of service and over delivery of service, which embeds higher costs.
2. You are seen as slow and bureaucratic in working with your colleagues to plan and deliver changes. That is, you are not agile enough.
3. And finally, when you do deliver, the projects are late, over budget, cause disruption on going live and do not deliver the planned benefits (or some combination of these).



THE NUMBER CRUNCHER'S GUIDE TO DELIVERING IT VALUE

Delivering solutions to these three issues is core to a CIO's job. If you have these issues, or are perceived to have these issues, it means you are perceived by your colleagues as not doing your job properly. Mucking around and arguing about how the accounting works is not going to solve this problem.

The only resolution to these issues is solid, customer-focused delivery day after day.





Chapter 5

THE CIO, CFO RELATIONSHIP

“Show me the Money!”
(Rod Tidwell to Jerry Maguire).

Recently I have had the opportunity to speak at a number of conferences where the target audience has been CFOs and senior members of their teams. This has caused me to think about the CIO, CFO relationship and what a CIO can do to build a productive relationship with the CFO.

Here is my current answer; 6 things a CIO can do to build a strong relationship with your CFO.

1. Take care of the basics. I have written often that competence comes before influence and the first order of business for the CIO and their team is to deliver robust quality services. From a CFO's perspective this means ensuring that the financial systems and tools, such as Excel, that the finance team rely on, work when needed, but especially during the critical financial month end process.
2. Display financial acumen. A CFO's prime focus is managing and reporting organisational financial performance. If you, as a CIO, want to have a great relationship with the CFO you need to understand this world. If finance or accounting is not in your background then invest in your financial education so you can talk the CFO's language and then use this knowledge to manage IT costs well. Work hard to show the CFO the dynamics of IT costs. If you can, demonstrate how IT costs can be reduced over time, while at the same time demonstrating the relationship between new and expanded services and increased IT costs.
3. Enable CFO success. Competence before influence applies to the CFO just as it does for the CIO and the CIO can support the CFO to build a high performing



THE CIO, CFO RELATIONSHIP

team by providing the right tools and the right information at the right time, Invest time in understanding the finance function, what services they provide and how technology / information can support them to improve the quality and value of their services. There are many opportunities to do this. E.g. reducing the time taken to close out the month end, streamlining financial reporting or simplifying complex spreadsheet processes.

4. Manage IT risk well. In many organisations the CFO is responsible for risk management and has the primary relationship with internal and external auditors. Work with the CFO to form a joint view of IT risk and security issues and how much the organisation should invest in managing these risks (do you really need 99.999% reliability and a hot disaster recovery site?) and be proactive in addressing issues raised from audit reports.
5. Team for benefits realisation. Ongoing investment in IT is usually one of the largest investments that organisations make. As a CIO I wanted this to be true, as ongoing investment provides the opportunity to deliver more value, however I knew that for the organisation to continue to invest in IT we needed to deliver on the promises made in IT based business cases. The CFO can be a great ally in benefits realisation by insisting that business owners plan for benefits before approval is provided and by implementing corporate wide benefits capture and reporting mechanisms.
6. Expand CFO influence. One of the themes of the CFO literature and the conferences I have attended is the desire of CFOs to move past being only the finance guy to becoming the primary source of corporate performance management. As the custodians of the majority of corporate information, IT can play a vital role in supporting the CFO to make this shift. CIOs should work with the CFO to understand the dynamics of your business (how does your business make money?). Then focus on deploying business intelligence solutions, such as management dashboards and advanced analytics that utilise both financial and nonfinancial to data, to show not just actual performance but also likely future performance (i.e. lead and lag indicators).



THE CIO, CFO RELATIONSHIP

Show me the Money! was a phrase I heard a lot as a CIO. Usually it was a friendly jibe from my CFO when we were talking about next year's budget or as I was asking him to sign off on projects.

Initially I didn't like the phrase as it usually meant there was some sort of challenge coming, but over time I learned to love it as it provided an opening for me to team with my colleagues in Finance and together we could make a real difference for our company.





About the author

OWEN MCCALL

Owen is an experienced management consultant and CIO who is passionate about harnessing the power of technology to create value for businesses, communities, families and individuals.

Previously, Owen spent 18 years with Deloitte where he worked with clients from around the world to implement technologies that supported their business strategy. He also led Deloitte's outsourcing practice for Australia and New Zealand.

Owen then became the CIO of The Warehouse, where he was responsible for actually delivering value from IT.

These roles have given Owen a broad perspective of IT, its power and its challenges. He now operates as an independent consultant and advisor, guiding CIOs and senior executives on how to use technology in a way that adds real value to their organisation. He is a regular blogger and contributor to CIO and iStart publications and a sort after speaker across the technology industry.

M +6421 350 750

E owen@owenmccall.com

W owenmccall.com

T @OwenMcCall





Reference

PUBLISHING HISTORY

The CIOs First Order of Business

First published by CIO IDG August 2013

The IT Hierarchy of Needs

First published by Successfulcio.com December 2011. Updated for this eBook in August 2016.

Are You Winning?

First published by CIO IDG November 2013

The Number Cruncher's Guide to Delivering IT Value

First published by CIO IDG March 2010

The CIO, CFO Relationship

First published by Successfulcio.com January 2014

M +6421 350 750

E owen@owenmccall.com

W owenmccall.com

T @OwenMcCall