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THE CIO ROLE - THE MOST DIFFICULT JOB ON THE BOARD

by Martin Wynn

Abstract – This paper draws upon the author’s 10 years experience as IT Controller at drinks company HP Bulmer. This medium-sized company, which is the leading cider-maker in the UK, adopted an Oracle-based open systems strategy in the early 1990s, as it embarked on a seven year programme to replace its old legacy systems. This it has now done, but the new aspirations of the senior management team to create a major international drinks company put unexpected strains on the relationship between IT and the rest of the business. This account briefly discusses some of the issues and challenges IT directors and managers are likely to encounter in such circumstances. The observations may be familiar to other CIOs working in similar environments, and it is hoped lessons may be learnt from these reflections on a decade of major change at the company.

Keywords – CIO, IT Director, IT strategy, information systems, IS, e-business, IT management, IT-business relationship.

INTRODUCTION

Notwithstanding the title, this paper is as much about a role that is *not* on the Board as often as it *is* on the Board – that of the Head of the IT/IS department, variously called Chief Information Officer, CIO, IT Director, IT Controller, Head of IT, IT Manager. It is no coincidence that those occupying this role often switch company every 3-5 years. In such a time period, the CIO can assess his/her inheritance, establish his/her preferred strategy and establish the appropriate personnel and skill levels required for strategy implementation. It is then often a good time to move on – if you do not, some of the issues discussed below are likely to keep resurfacing, making remaining in post an increasingly challenging aspiration.

This paper draws on the personal experience of the author, who held the post of IT Controller for 10 years at drinks company HP Bulmer, which had over 1200 staff and an estimated turnover of circa £600m in 2000/01. The top senior management team was called the Group Executive, comprising the managing director and another five or six senior management posts. They were in effect the executive Board in terms of the running of the company. Throughout this period, the IT Controller – the Head of IT – reported to the Finance Director, who was on the Group Executive. We will use the terms CIO (Chief Information Officer) and Board in this paper, in line with the themes of the conference.

I. IF YOU’RE NOT ON THE BOARD.... (AND MOST OF US AREN’T)

Many CIOs in the retail and financial services industries are on the main Boards of their companies. In these industries, IT, IS, e-business and the management of

information are generally accepted as being of key strategic importance to the forward planning and day-to-day operations of the organisation. In many other companies, however, the CIO role remains one step away from the Board, often reporting to the Finance Director. This is not necessarily a problem, so long as the Finance Director (your representative on the Board) is fully supportive of the strategy you are implementing and the way you are going about it. At HP Bulmer, I had about 8 years when this was the case, followed by two when it was not, which eventually led to my departure from the company. But in those initial years, this relationship worked very well. As we attempted to develop a new IT/IS strategy, the Finance Director of the day, me and some of the IT team visited a range of companies in the industry to see what we could learn. These included Guinness in Dublin, Scottish and Newcastle in Edinburgh, and Bass Brewers in Burton. These visits helped us develop the strategy that would set a sound strategic platform for the rest of the decade; and they also helped develop relationships inside and outside the company, which would pay dividends in future years.

Just prior to when I took over as IT Controller in 1991, we had commissioned a review of IT in the company from Hoskyns, a major consultancy and outsourcing organisation. They reported that “the management structures that exist are not adequate for managing the contribution of IT to the business. It appears to be dislocated from the business as a whole. There is a need to establish a greater partnership at the senior management level”. To deal with this problem, the report recommended that the company “establish an Information Systems Steering Group (ISSG) at Director level to manage the strategy for delivering information systems” [1]. This is a key issue if the CIO is not on the Board. There needs to be another appropriate senior management forum, other than the Board, for discussing, developing, and implementing IS strategy. This generally worked well, with the make-up of the ISSG adapting to the changes in overall company structure as the company evolved across the following decade (Table I).

1991 - WINES & SPIRITS – CIDER – SYMONDS – SOFT DRINKS – FINANCE
1995 – OPERATIONS – INTERNATIONAL – COMMERCIAL – HR – FINANCE
2000 - UK - INTERNATIONAL - GROUP (Operations – HR – Finance)

TABLE I. Changes in Functional Structure at HP Bulmer 1991-2000
As the Divisional Structure of the company changed, so the make-up of the Information Systems Steering Group was amended accordingly.

II. QUICK WINS OR QUICK DISASTERS?..... (BEWARE THE UNWANTED INHERITANCE)

The new CIO will have to deal with the current portfolio of systems and technologies left by his/her predecessor. This

might well entail a range of problems and issues that go beyond pure technology to encompass relationships with other senior managers within the company, staff discontent and squeezed budgets. There is often pressure to look for “quick wins”, to rapidly put one’s mark on the IT/IS process and establish credibility. At HP Bulmer, in 1991, we had a range of disparate, non-connected systems, in different technologies that included DEC and Data General hardware, and a range of bespoke systems and packages written in several different programming languages including CQCS, Style and COBOL. “Quick wins” were not easy to come by; but a clear strategy of a phased move to Open systems (based on the UNIX operating system) and Oracle technology gained support from the Finance Director of the day. This was critical in gaining funding from the Investment Appraisal Group – a sub-group of the Board - on a year by year basis – that facilitated the removal and replacement of all legacy systems by 1998, as the company implemented an information systems (IS) strategy based on Oracle-based package software.

This support was also significant in managing through the small hiccups that inevitably occur in all major IS change projects. One such event was when three days-worth of corrupt or missing sales and finance data in our Oracle database was tracked back to human error in the IT department, as we were managing the migration of data from the old legacy systems to the new Oracle Financial systems suite. Fortunately we could roll back to a previous back up – and with good will from sales and marketing staff, data was re-entered and we were back up to date by the start of following week. These things happen. Support from the Board was vital. No one lost their job, despite some difficult moments explaining and rationalizing what had happened.

III. A LITTLE KNOWLEDGE IS DANGEROUS (THE BOARD AND THE IT SUPPLIER)

One situation where not being on the Board can be disadvantageous, is when Board members develop their own relationships with third party IT suppliers. This can come about in a number of areas – the cost of outsourcing the entire IT/IS function is one, and the overall IS strategy – be it, possibly, with a major ERP vendor – is another. This can undermine the position of the CIO, and possibly lead to his/her demise.

At HP Bulmer, the situation was more complex and not without irony. After almost a decade of trying, largely successfully, to get Board approval for an Oracle ERP systems strategy, the Board elected in 1999 to seek a series of presentations from major ERP vendors to compare their pitch to support the international growth of the company. Later that year, after a final selection process involving the two major ERP vendors of the day, Oracle were selected, to continue the IS strategy put in place in the early 90s. But this was now put on a new footing – the company’s international aspirations demanded the new Oracle 11i product, accessible anytime anyplace anywhere, which required a significant amount of new investment from a company that was still relatively small in global terms. Ironically, after years of arguing for increased investment in IT, I found myself

raising concerns about the levels of new spend on IS projects and the unrealistic timescales for new module implementation, and the likely on-costs. Vendor presentations only reinforced the Board’s conviction that a rapid move to a full internet enabled ERP was necessary for the future expansion of the company.

I remember telling my management team that we had no choice but to “go with the flow” on this issue – we had been involved in the decision-process that would now require millions of pounds of investment each year on new Oracle systems and services for the next few years at least. I made my concerns known as best I could. It seemed to me that common sense had been replaced by the reckless pursuit of a poorly understood proposition from our major IT supplier.

IV. IN THE KINGDOM OF THE BLIND...(INFORMATION IS POWER)

By the mid-nineties, having established a core of Oracle based systems for sales order processing, financials and manufacturing, we had the basis for delivery of some key information to support top-level decision-making – notably in the field of profit management. The move of the company from a volume business that engaged in large promotional campaigns, particularly at financial year end - to drive up turnover figures - to one based more on product and customer profitability, was a major initiative of the senior team in the period 1992-98. This led to the demand for profitability analysis within the company. At first this was pieced together by the market researchers in spreadsheet format, and then in more systematic format through a properly managed IS application. Initially known as PC Express/Financial Management System, it was acquired by Oracle and incorporated into their ERP suite and renamed Oracle Financial Analyzer. With an effective piece of

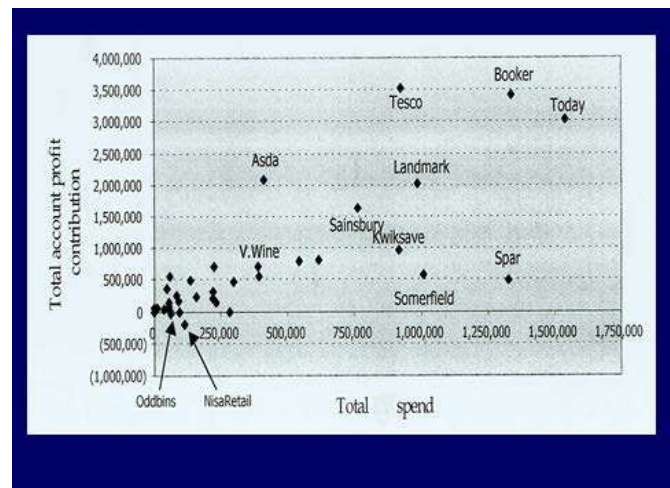


Figure 1. Customer profitability analysis 1998
From 1998 onwards, this information was available to support account managers in their negotiations with key customers. This figure shows annual spend on customer promotional support on the x (bottom) axis vs. overall revenue from the customer (or account) on the y (side) axis.

technology in place, the management focus turned to the data itself – how reliable is it? Where is it from? And - most importantly – who is responsible for it - IT or users? Its importance to the company in moving to a profit led culture was acknowledged by senior management. In 1994, the company’s Commercial Director noted that “we will be able to track the effectiveness of our spend, whether it be on distribution, packaging, promotions or producing our products. We can then take out cost where necessary, for example in packaging” (2).

The importance of this system and the information it provided – albeit not perfect - was of considerable significance as the company moved from a volume to a profit led culture. Some of the information regarding the relative profitability of customers and products was dramatic (Figure 1), and for just a short period in 1998-9, following a major project supported by external consultants, all elements

the continued growth and prosperity of the company? Time will tell.

V. WE’RE NOT ALL ANORAKS (DEVELOPING THE IT TEAM)

These days it is expected that the CIO knows as much about the general business of the company as he/she does about IT/IS. This also applies increasingly to other senior IT staff, some of whom may be undertaking the “hybrid” roles of IT project manager, e-business manager or data maintenance manager [6]. The skills required for these posts have evolved significantly in the past decade, and the classic profile of the introverted, somewhat anti-social, IT ‘anorak’ is now rarely found in the IT management team.

In early 2000, a profiling of our staff using the Myers Briggs Type Indicator MBTI) technique (Figure 3) - undertaken with consultants from Cranfield University –



Figure 2 HP Bulmer Strategic Plan 1999 – 2004

This was the one-page summary of the 5 year plan adopted in 1999. It includes an IS/IT strategy line in the External Focus objective set: “to deliver world-class integrated information systems, accessible from anywhere by 2004”.

for the support of profit management were in place – the technology, the data, the user ownership, and the political will to act upon the data. Then, in 1999, the company’s new business plan put, as its main objective, the growth of turnover to reach £1 billion by 2004 (Figure 2). Volume growth, rather than profit management, was now seen as the key to success. The requirements for volume based information are easier to meet; but will this strategy deliver

revealed that none of the nine managers in the IT department had the classic ‘anorak’ profile of introversion-sensing-thinking-judging (ISTJ – Figure 4). Indeed their overall modal type – a norm for the group as a whole - was extraversion-intuition-thinking –perceiving (ENTP) – far removed from the anorak character, and more akin to the profile that one is more likely find in the hybrid managers referred to above.

This broadening of awareness and multi-skilling of IT managers was developed in conjunction with company management colleagues. The IT project manager

Overview of the four MBTI dichotomies

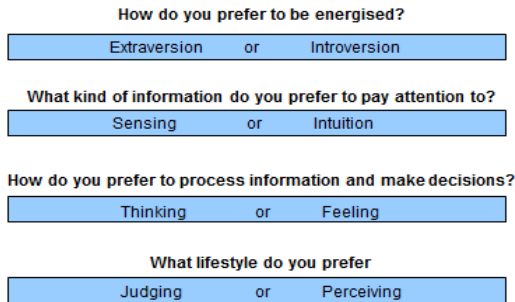


Figure 3. The four variables (or dichotomies) in the Myers-Briggs Type Indicator (MBTI) model

responsible for the manufacturing systems was moved to report to a senior production manager for a couple of years, whilst still reporting to me for bread and rations; and the same arrangement was put in place for the e-business manager and his team.

			Peter
ISTJ	ISFJ	INFJ	INTJ
Anthony		Richard	
ISTP	ISFP	INFP	INTP
Paul		Robin	Martin
ESTP	ESFP	ENFP	ENTP
Mike			Maureen Jim
ESTJ	ESFJ	ENFJ	ENTJ

Figure 4. MBTI profiles of the management team in the IT Department 2000

VI. THEY MIGHT NOT NOT LIKE YOU, BUT THEY NEED YOU! (Y2K AND ALL THAT)

From about 1998 onwards, many CIOs got a new lease of life, a new prominence in their organisation, because of the

imminent arrival of year 2000. Even the most sceptical of colleagues came to the briefings on Year 2000 and what it might mean for their area of the business, and what they would need to do to avert the disaster that some of the computer (and wider) press were forecasting. Fortunately, by then, HP Bulmer had replaced all its old legacy systems, many of which had very little documentation – which compared well with many of the brewers – both small and large - who still had older legacy applications. Nevertheless, there was still quite a buzz at these company briefings, especially once discussion moved away from the information systems and onto things like programmable logical controllers (controlling shop floor data capture), infra-red devices in the warehouse, and even fire alarms.

Prior to this, there had been several other key challenges where IT's role was brought into prominence (Figure 5). These included the unraveling and replacement of the mix of old systems that underpinned the order processing and invoicing functions of the company. These were critical to the continuation of trading, and IT staff played a central role in sorting this out (although, arguably, it was in part of their making!). The advent of the Internet and the rapid growth of electronic business within the business and with its major customers, were other areas where IT's knowledge and contribution were particularly valued.

1994	INVOICING PROJECT
1996	INTERNET POLICIES & PRACTICES
1997	E-BUSINESS INITIATIVES
1998	Y2K PLANNING

Figure 5. Projects where IT Staff's Business and Technical Knowledge was critical.

VII. THE CHARGE FOR E-BUSINESS ... (ARE WE UP FOR IT?)

HP Bulmer was one of the first companies in the drinks industry to use e-business for a wide range of transactions (Wynn, 2000). By the second half of the 90s, EDI was used extensively by the company with its main off-trade customers, including Tesco and Sainsbury, and HP Bulmer were one of the first to collaborate in co-managed inventory projects, for example with Whitbread, one of the company's main on-trade customers [5].

By 1997, however, e-business within the company had advanced significantly in a number of regards. First, the company was now using its website for order transactions, rather than EDI (Figure 6). Second, it was developing its own technology products to support on-line trading. Third, user ownership and direction of these initiatives was becoming increasingly necessary. This was particularly so

with regard to the acquisition of the Beer Seller in 2000, which gave the company a new distribution capability that could have been used to distribute a range of products – not necessarily just drinks – to on-trade outlets and possibly domestic residences. This possible evolution of the company’s business model required a joint finance-sales-marketing-IT team to assess and manage developments. This was put in place, with a hybrid team reporting up through the Finance Director to the Board.

nineties, with the advent of packaged software and the large ERP products, things had changed significantly.

This was particularly the case at HP Bulmer regarding data maintenance. One of our major systems projects in the early 90s was the replacement of a number of customer and product maintenance systems with one centralised application that updated both the front and back-end of the sales order processing cycle, and other systems in the company. This highlighted the importance of the accurate

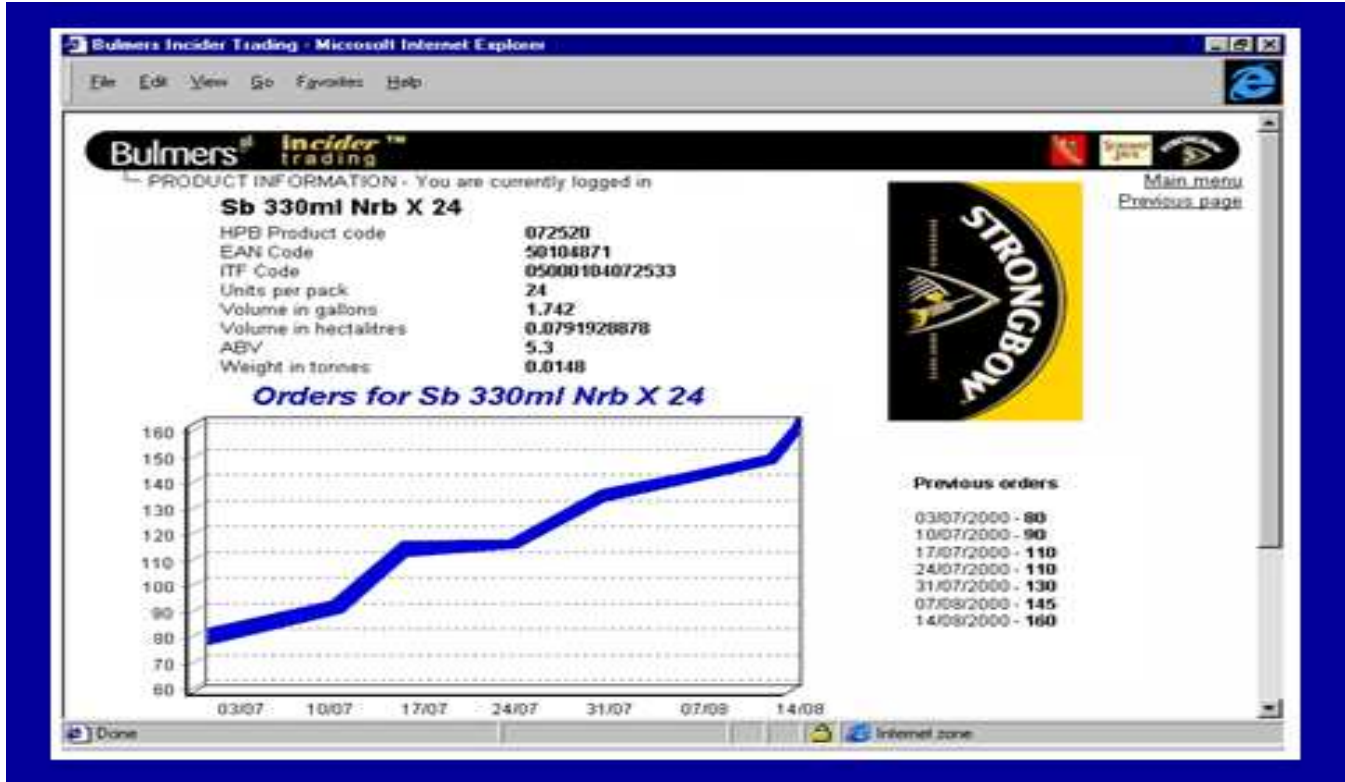


Figure 6. Screen from HP Bulmer’s Extranet – InCider Trading.

These developments challenged both the technical capabilities and the business savvy of IT staff, but they continued to play a key role in moving the company forward in its deployment and exploitation of e-business technologies and processes [7].

VIII. YOU CAN LEAD A HORSE TO WATER (BUSINESS OWNERSHIP IS A GOOD IDEA - BUT.....)

When I started in IT at Glaxo Pharmaceuticals in the early 1980s, the IT department was over 100 staff strong, and included five large systems teams responsible for the development and maintenance of large bespoke software applications [8]. These teams trained and supported the users in their operation of these applications – but it was the IT teams who were seen as the systems owners. By the mid-

update of these main data entities, and from then on this became a user function. The administration of this system (known as OASIS), and that of the Oracle packages for Financials and Manufacturing, became a user function – setting up new users, controlling access rights etc.

By the late 90s, process owners were also being identified across the company, and with this came a degree of system ownership by certain identified senior managers. Data ownership was also moving into the user arena, but was more problematic. I remember being called to a meeting with two senior sales directors who wished to discuss the profit management system with me. They went through a carefully prepared presentation of the system, showing me that the vast majority of data and information was either inaccurate or simply not there – there were quite a few completely blank screens. “There’s nothing there!”

they bellowed. “But data ownership and its maintenance is a user function!” I replied. A fearful row ensued. Both sides probably had a point. Data ownership is a responsibility of all in the company, in one way or another.

IX. MERGERS AND ACQUISITIONS...(AM I THE LAST TO KNOW?)

Involvement in mergers and acquisitions is one measure of the CIO’s standing amongst the senior management team. From the IT/IS perspective, it is desirable to be involved as early as possible, to assess the technology and systems portfolio of the company to be acquired or merged, and to advise on the options and costs for technology integration. If the CIO is on the Board, this will nearly always follow; if he/she is not, it will depend on the judgment of his/her boss, often the Finance Director. If involved late on in the cycle, or post-acquisition, this can result in some unexpected issues and difficult conversations regarding the practical implications of maintaining basic transaction processing – taking orders, producing products, purchasing supplies, and paying staff – if systems are to be merged rapidly and staff in the acquired company are to be moved on.

Overall, at HP Bulmer, my involvement in these discussions was reasonable enough [9], and got better as time went on and the strategic role of IT/IS in the overall growth of the company was more widely acknowledged (see Table 2).

<u>DATE</u>	<u>-ACQUISITION</u>	<u>- COST (£m)</u>	<u>- IT INVOLVEMENT</u>
1991	- Framptons Cider Co	- 2	- Post Acquisition
1995	- Stassen Cider Co	- 11	- Post Acquisition
1996	- Inch’s Cider Co	- 23	- 2 Days Before
1998/9	- Cider companies in USA and S Africa	- 30	- IT involved at Planning Stage
2000	- The Beer Seller	- 30	- IT involved at Planning Stage

TABLE II. MERGERS AND ACQUISITIONS AT HP BULMER 1991-2000

X. MERCHANDISE, MERCHANDISE, MERCHANDISE...(PLAYING THE GAME)

HP Bulmer’s core business is the production, marketing and selling of cider. Its culture is arguably dominated by a sales and marketing ethic. In this environment, to be a successful CIO for an extended period of time, the role involves not only IT strategy development and the operational delivery of that strategy, but also what might be termed ‘political merchandising’ of IT’s role within and without the company. The term ‘merchandising’ became prevalent in the company in the latter years of the 1990s, initially in a sales and marketing context. It came to mean something other than just marketing – more a focused

campaign to get something recognized, understood and incorporated into the *status quo*. I once heard it used by a senior director in the context of making new HR policies known to all staff - they could be ‘merchandised’ throughout the company. This did not seem appropriate and I never liked the term much.

However, being politically astute is a must if the CIO wishes to remain in place for more than the honeymoon period of a couple of years. Getting recognition outside the company can be a good way of reinforcing your value within the company. Having won the DEC User award in 1993, it was reassuring to receive congratulations in a note from the company chairman (Sir Esmond Bulmer), copying in senior management. Our achievements as an IT department were being effectively ‘merchandised’, and this continued to be the case for several years.

But by the year 2000, after the Y2K project had been and gone, our chips were running out. With a significant amount of work, we took the IT/IS element of the company business plan for 1999-2004 (Figure 2) and developed it into the company’s IT/IS strategy (see Figure 7 - overleaf). This seemed to me to be a pretty good piece of work. However, external consultants had more than a foot in the door, and user ownership of the new Oracle ERP implementations was moving apace. We had Steering Groups in place for a plethora of large projects, but ironically, the old ISSG had been usurped by other events. The IT/IS strategy was not well received by the Finance Director of the day, and relationships with one or two other senior directors had become difficult. The game was up, and I would soon be moving on to pastures new.

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Bulmers^o IT Vision

Corporate Objectives

- To build brands of scale.
- To find and employ creative ways of doing things better, and to develop new business opportunities.
- To harness and develop our talents and energies. To be the best.
- To transform the scale and depth of our International business
- To establish effective customer focussed processes across the company
 - Deliver world class real time integrated systems accessible from anywhere within 5 years

Corporate Vision

"To be a world-class, innovative, consumer focussed international long alcoholic drinks company"

Key IS Objective

'Deliver world class integrated information systems accessible from anywhere by 2004'

IT Vision

"To be an innovative, externally focussed provider of information technology, proactively promoting and supporting the transformation of the company to achieve the global corporate vision"

Objectives

1. Global Information systems & services

Implement integrated world class systems & services that meet the evolving informational & operational requirements of the Bulmer Group companies.

- 1.1 Have one view of key corporate information, accessible from all over the world.
- 1.2 Ensure systems and appropriate support are available 7 x 24 (anywhere, anytime, any place).
- 1.3 Implement systems that are integrated at data and technology levels.
- 1.4 Provide integrated global telephony and data networks.
- 1.5 Apply technology standards worldwide (database, operating systems, applications, desktop).

2. E-Business

Be the drinks sector leader in the practice of E-business

- 2.1 Exploit e-commerce enabling technologies to leverage commercial advantage & enhance profit across the Bulmer extended supply chain (customers, suppliers, partners, consumers).
- 2.2 Develop e-business as a revenue generator in its own right.
- 2.3 Market our e-business capabilities within Bulmer & across our sector to ensure recognition of our status as an e-business leader.

3. People & Business Partnerships

Harness & develop our talents and energies in support of the corporate vision and energise a business culture that embraces Information technology

- 3.1 To be fully in tune with our internal & external customers, reflecting their changing needs & helping to improve their business through effective challenges.
- 3.2 Establish and deliver the skills and competencies required for IT to play its part in achieving the corporate vision.
- 3.3 Promote self development and continuous learning, focusing on both IT skills & knowledge, and the broader business and its external environment.
- 3.4 Complement our technology expertise with the appropriate employment of influencing and marketing skills that increase the real and perceived value of IT to the business.
- 3.5 Promote business ownership of systems, information and data and enhance end-user skills and awareness through appropriate support and training.
- 3.6 Innovate in the application of information technology to increase the value of systems and services provided to the business.