Introducing the Chief Process and Information Officer (CPIO)

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The latest craze funneling its way through IT and Business communities is Business Process Management (BPM). And why not? The possibility that we're soon to have the technological capability to automate and easily enhance our end-to-end processes with little or no regard to the number and complexity of our back-end systems is tantalizing to say the least. But before we all get excited about this latest iteration of IT solutions rescuing us from our inherent lack of effectiveness, we all need to understand that these technological wonders will only be viable after we get our own houses in order.

Optimal performance requires organizational alignment around a number of specific parameters. Unless organizations are on the same page in all five areas of Strategy, Controls/Governance, People, Process, and Technology, we have little chance to reach this desired optimal state. If our organizational strategy is for optimization around end-to-end processes, yet our organizational structure (people) and processes are purely built around functions or geographies, then we have little hope for success. If we rely on disparate enterprise information systems coupled with hard-coded, brittle integration, we have little hope for success in fulfilling our strategic intent of process and information optimization. If we lack the appropriate governance processes to advise and oversee our enterprise-wide initiatives, then we have little hope for success as well. Achieving the desired benefits for our stakeholders that can be achieved as a result process and information optimization will only result if we understand the need for this alignment, and then put the structure in place to foster these fundamental elements of success.

One of the most difficult of these areas to address from an enterprise-wide perspective is that of Controls/Governance. First, we must recognize that no one in a typical company has enterprise-wide authority over the definition, standards, and management of *end-to-end* processes. Despite the recognition over the last decade of the fundamental importance of the end-to-end business process as the key component in terms of providing organizational efficiency and effectiveness, we still operate our companies around the foundation of functional silos. And while I am not advocating the reincarnation of organizations purely around horizontal processes, we must recognize the need to provide sufficient Controls (and Rewards) to assist in building the bridges across our organizations that will foster successful execution of end-to-end processes. For this to occur we need leadership – business focused leadership – that will provide a governance structure that supports this objective with specific roles and responsibilities that exist in partnership with the functional teams that remain critical to the ultimate execution of these enterprise-wide processes.

So what is the optimal source of this key leadership component? To answer that question we begin with a look at the lone executive leader in most organizations, other than the CEO, who has enterprise-wide responsibility, extending beyond the boundaries of these functional fiefdoms. That individual is the Chief Information Office (CIO). Unfortunately, experience has consistently demonstrated that this role is simply ineffective in bridging this gap, making it unrealistic to look to our CIOs as this guiding force for Process and Information Optimization. The fact is, our CIOs and their IT Departments are perceived by their colleagues as tactical, technology-focused service providers, rather than strategic, business-focused leaders. IT represents a cost allocation, rather than a value generation entity. At best, IT is positioned to *advise* the rest of the business, but has little or no real authority to institute meaningful change. It is important to note that this is *regardless* of whether the people in these roles have the individual capabilities to provide the path to optimization. The problem is with the evolution of the *role* itself in organizations today, and the widespread *perception* of the role, of CIOs and IT in general.

These perceptions permeate our companies and inhibit significant progress. Consider that "IT" is the only element of a company that is commonly identified as being distinct from "The Business." If you join a company in any other area, you're immediately part of "The Business." But that's not the case with IT. The common perception in "The Business" is that IT is constantly imposing new technology-focused solutions that require extensive time and effort, yet rarely deliver the business benefits as advertised. And while one could argue for days on end about the cause and/or the validity of this perception, unfortunately, that argument is no longer relevant. The perception exists, and we need to recognize that it exists. We need to acknowledge the fundamental reality that there is a grand divide between "IT" and "The Business" that is imbedded within our organizational structures themselves. Bridging this gap is proving to be a never-ending futile exercise. Rather than continuing to chase our tails in the existing structure, we need to eliminate the basis for the gap altogether.

If we accept the fact that bottom line success requires optimal efficiency and effectiveness, then we need to create an environment that supports this strategic objective. The first step beyond this acknowledgement is to institute the appropriate leadership that is in a position to be successful. This leadership must emanate from the enterprise-wide perspective of a group of business professionals that come to the table armed with a mandate from the very height of the organization. This role is not our common-day CIO. In fact, this leadership role does not exist today in most organizations. That needs to change. Our companies need the introduction of what I call the Chief Process and Information Officer (CPIO).

Right off the bat, it must be recognized that the CPIO is not simply a re-badged version of the traditional CIO. A half-hearted effort in this area that is merely a game of semantics will do more harm than good. No, this is a different focus altogether, the kind of focus that we need to achieve Enterprise Optimization. CPIOs and their Process and Information (PI) Departments are *part* of the business, not separate from "The Business." They are staffed with business professionals, the best of the best in the company, who understand the process and information requirements of the enterprise.

A company's CPIO should be among the most senior business executives in the organization, reporting directly to the CEO of the company, and responsible for charting the path to optimize capabilities relative to the company's strategic vision. Unlike a CIO, who is primarily concerned with technology, the CPIO is a strategic business leader who understands the core foundation of the company and has the ability to lead his people, as well as those in other parts of the organization, down a path of change based on a never-ending desire to optimize the *overall* enterprise. Maybe this is what CIOs were meant to be, but it is not what they have become. CPIOs are not there to *serve* the business. They are there to *lead* the business. The background of the CPIO should be broad-based business, working in a variety of functional and/or process roles throughout an organization. Ideally, CPIOs will have experiences dealing with customer-facing processes, partner-facing processes, employee-facing processes, etc. It's important to understand processes from all sides, including those operating the transactions as well as those on the receiving end. Only a holistic perspective can be expected to yield optimal decision-making with respect to process management.

CPIOs don't just need to be selected—they need to be empowered. Quite simply, without a top-down mandate, even the strongest individuals will be unable to provide leadership in the organization. The remaining C-level executives need to buy into the fact that this new dynamic represents a much-needed change on the path to Enterprise Optimization. These other leaders need to accept the mandate that accompanies the leader of the PI Department, which implies that they will need to be open to working with their new peer in areas within their functional groups and for initiatives that cross functional groups. CPIOs and their teams may lead these initiatives, but they will require input and cooperation. The walls of isolation that have formed between these functional groups over the years need to come down. Unless that

happens, our organizations will simply remain in their current suboptimal state, and watch as the rest of the marketplace passes them by.

CPIOs will have the benefit of an enterprise-wide focused group of business professionals who make up the Process and Information Department. In support of the strategic vision as prescribed by the CPIO, this organization is ultimately responsible for:

- The ongoing identification, evaluation, and prioritization of opportunities to optimize the organization via enterprise-wide process changes under the guidance of an objective, metric-driven decision-making framework;
- The definition of the key performance indicators which will be used to manage and evaluate the organization;
- The ongoing identification, evaluation, and prioritization of opportunities to optimize the organization via the way information is procured in terms of the right information reaching the right people in the right way at the right time;
- The definition and monitoring of the standards which must be followed to ensure data accuracy and integrity;
- The definition and monitoring of standards related to enterprise-wide information security;
- The definition and monitoring of standards for ongoing knowledge transfer related to processes and systems;
- The definition and ongoing administration of the governance structure for initiatives and the management of these projects;
- The implementation of a change management approach that educates the business community on the merits and benefits of this new organization;
- The facilitation of organization alignment around these transformational initiatives, beginning with the executive suite and cascading throughout the entire organization. As mentioned, this alignment needs to incorporate each of the following five areas: Strategy, Controls, People, Process, and Technology;
- The control of the budgetary approval, budget allocation, and project prioritization processes for all initiatives across an organization; and
- The management of relationships with external partners that will become increasingly important as organizations move to outsource non-core business processes and a broad array of IT services.

These responsibilities fit squarely into the organization model depicted in Figure 1, on the next page, which properly positions the CPIO and PI Department in their appropriate roles of enterprise-wide leadership in the areas of processes, information, program management, and (yes) information technology – areas that are in desperate need of guidance and attention, and fundamental to any effort to achieve Enterprise Optimization.

In order for a PI Department to have any chance of success requires a top-down mandate of support, but even that won't be enough. As noted in the description above, it must also have budgetary control for initiatives, and must maintain control of authorizing and prioritizing such initiatives. Individual companies may determine a financial threshold that triggers PI Department approval, but without widespread budgetary control, the resistance to adopting this fundamental shift will likely overwhelm the effort, leaving it to fall far short of expectations.

It's important not to forget the information component of this enterprise-wide role. All too often information requirements get the short shrift, resulting in the mitigation of the positive impact we expect to achieve through various initiatives. Information drives our decision-making. It must be reliable, accessible, and timely, although, regrettably, that is rarely the case. To fix this universal problem, we need the PI Department to define (and enforce) standards and we need the functional teams to adhere to those standards. We have vast programs in place to support quality in our product development and manufacturing environments. Why haven't we instituted enterprise-wide quality programs around data, and specifically tied performance in this area to the evaluation of our people? Change is needed or we will remain stuck in the rut whereby data

represents a corporate killer instead of a prized asset that yields positive differentiation in the marketplace.
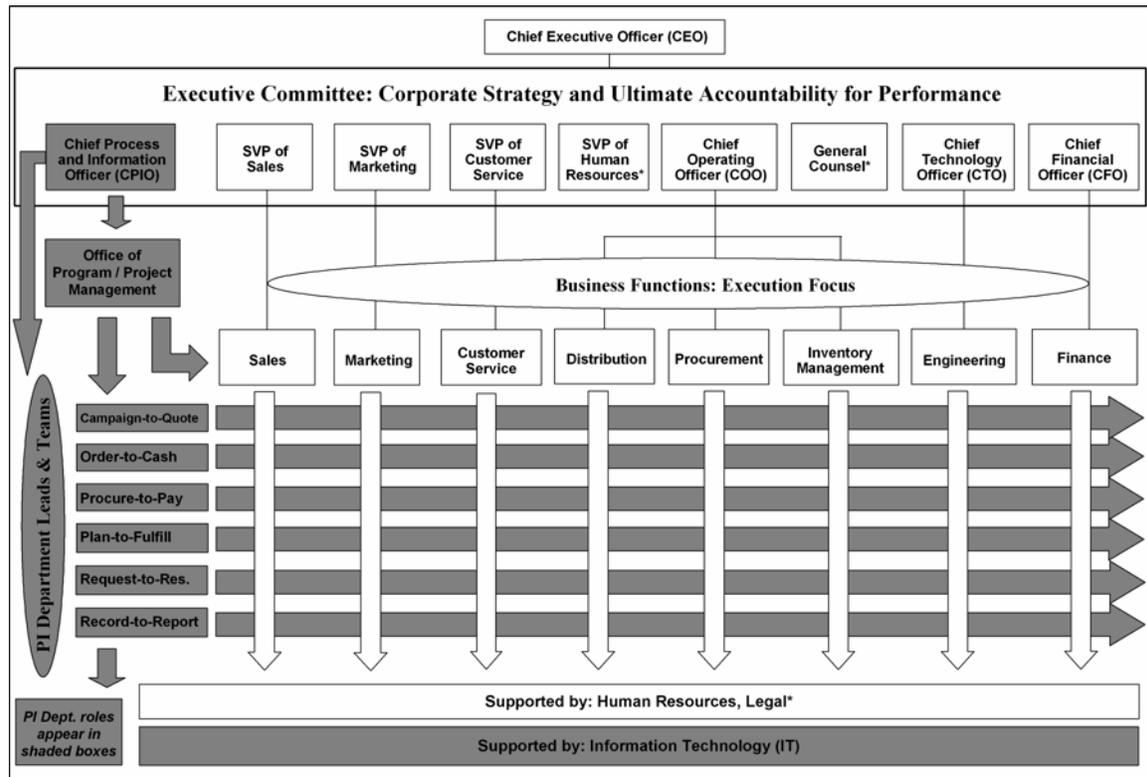

Figure 1: Organization Model with the CPIO and PI Department

PI Department roles are leadership positions, which must be empowered to drive change in the best interest of the business as a whole, not just focused on one functional unit or another. This does not mitigate the importance of our functional teams around the globe. Not in the least. These front-line staff units must supply critical input into definitions and standards, and participate actively in the deployment of these solutions. The PI Department, in turn, must make the effort to understand the pressures and daily realities of the functional teams, and not try to ride in on a white horse with a predetermined prescription for all the world's ills. The PI Department leaders will bring new skills to these optimization initiatives, but they must include the experience and insights of the functional teams if they expect to be able to move beyond the drawing board and deploy optimized solutions that are practical in the daily course of business. Finally, these practitioners in the functional units contribute the *execution* component of our processes without which makes these other efforts moot. If these individuals are not properly trained and given incentives to perform at optimal levels, these efforts will be a waste of time. In the end, it is this combination of Processes + Information + Execution that provides competitive advantage, and shortfalls in any of these areas that open the door to competitors to move in and steal business.

So what about systems? Don't they provide competitive advantage? Isn't that why we created the role of the CIO in the first place, to achieve competitive advantage by way of information technology? The fact is that IT, as it always has been, is an enabler of Process and Information Optimization, but there is no out-of-the box causal relationship. We can leverage the best practices embedded in industry leading IT solutions to move us in the right direction, but we still need the ever-present focus on the optimization of process flows across our companies, including those many activities which transpire outside the systems themselves, and the flawless execution of those processes. That being said, traditional IT won't just disappear. Contrary to

some points of view, IT has not become "irrelevant." The unfortunate reality, though, is that IT is not perceived in our organizations to be the appropriate leader of business transformation initiatives. The "technology-first" stain has set in, and there is very little that IT shops can do to change this dynamic, *regardless* of the capabilities of the individuals in these organizations. The tactical service organization that deploys and supports information technology solutions is rightfully placed *within* PI Departments, as a key execution element of the process and information leaders. But we can no longer lead with technology and expect material impact. IT doesn't have the authority, and doesn't have the appropriate frame of reference to lead these optimization efforts. We need to accept this fact and move on to a structure that will support these business imperatives. Brands matter, and the IT brand = technology. We need a leadership organization branded around enterprise-wide process and information optimization and that is truly empowered to fulfill this critical leadership role. For that we need a new organizational element: the CPIO and the Process and Information Department.

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