Executive Essentials: Move From Strategic Alignment to Strategic Engagement

Published 13 July 2021 - ID G00751460 - 11 min read

By Analyst(s): Irving Tyler, Janelle Hill

Initiatives: CIO Role Evolution

As technology becomes central to value creation and competitive advantage, all CxOs together with CIOs must be accountable for technology decisions and management. Leading CIOs are acting to redesign IT-business engagement to achieve true strategic partnerships to deliver digital acceleration.

Digitalization at this advanced level cannot be provided by just the IT organization. Seventy-nine percent of business leaders state they have hired their own technical talent to either deliver or manage technology within their business teams (see *The Talent Implications of Digitization: Changes in Enterprise Demand for Technology Skills and Experience*). These business technologists now represent 41% of the workforce. IT organizations represent about 10% of the workforce in comparison. This balance is successful because of the higher level of technical dexterity within the workforce and because easier to use tools are more accessible.

Business leaders and teams don’t want to replicate an IT department within their functional organizations. They want to partner with IT to ensure business strategy makes full use of new digital capabilities, and to receive greater levels of technical expertise to complement their team’s technology efforts. Between 83% and 85% of business technologists report collaborating with IT makes the capabilities they build more innovative, secure, reliable and scalable. They want technical advice and support from IT.²

CIOs must act to establish a new business and IT partnership structure. By getting the right seat at the right table, CIOs can provide vision and guidance for the right technology approaches into developing plans and strategies rather than aligning to them after the fact. The right engagement techniques make this possible regardless of business’ expectations for value from I&T investments — operational excellence, expanded forms of customer engagement and intimacy, or to leverage technology to drive growth (see Figure 1).
The right techniques need to vary based on situation and can range from introducing business relationship managers to establishing product management teams to enabling business-led fusion teams.

**Figure 1. Strategy Establishes the Primary Stakeholder Expectation for IT’s Value**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Operational Excellence</th>
<th>Customer Intimacy</th>
<th>Digital Business Transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Stakeholder’s Expectation</td>
<td>Back Office</td>
<td>Front Office</td>
<td>CEO/Board</td>
</tr>
<tr>
<td></td>
<td>Cost Reduction</td>
<td>Resource Optimization</td>
<td>Technology-Enabled Growth</td>
</tr>
<tr>
<td>IT’s Value</td>
<td>Task/Process Automation</td>
<td>Scale</td>
<td>Human Augmentation</td>
</tr>
</tbody>
</table>

This document is part of a research collection covering four CIO focus areas comprising 20 accountabilities (see Note 1).

**Use Strategic Context to Shape the Optimal Partnership**

The value of IT is evolving. CIOs need to understand and adapt to three contexts that define expectations for the business IT partnership. CIOs should add increased value by seeking and presenting options and best practices from external sources/other enterprises to bring options to their business partners and, in so doing, strengthen the value of their engagement.

**Operational excellence:** For most enterprises, digital business means adoption of optimization initiatives to achieve lower cost to serve and or to improve operational performance, e.g., reducing supply chain cycle time to enable better value and competitive differentiation. CIOs need to strategically engage to advance business partner understanding of the many ways technology can improve capability performance, not just automate to reduce costs.
**Customer intimacy:** Another major form of digital optimization is improving customer experience and engagement. Digital capabilities can be employed to establish persistent engagement with customers and provide them with access to information and expertise to complement existing products and services. CIOs need to strategically engage to help business leaders develop new channels to customers, new forms of customer self-service and connections to ecosystem-based expertise and service.

**Digital business transformation:** Increasingly, business leaders are ready to expand their digitalization efforts to create new sources of revenue with new digitalized products and services, and even to develop platform business models. In this context, the CIO has to strongly evangelize the potential of these options, elevate the digital dexterity of executive decision makers, and partner with peers to identify and pursue the best options.

**Adopt New Principles for Effective Business Engagement**

With the dynamic changes in who and how technology is produced and consumed, CIOs need to evolve their engagement efforts and adapt to each business team's needs.

For many years, CIOs have strived to get IT closer to the business by equipping staff at the IT-business interface with “business skills” and positioning them to act as a conduit to the rest of IT. Many IT functions rely on such dedicated IT-business liaisons to maintain business partner relationships. Also called business relationship managers (BRMs) or account managers, these roles are often the primary point of contact between IT and a business unit, region, or corporate function. Today, CIOs need new approaches — to not just get closer to the business but to fully integrate technology resources into the business. This effort starts with applying three engagement principles with the business to achieve the optimal form of strategic engagement.

**Principle 1. Evolve New Engagement Roles**

CIOs and IT leaders need to embrace the following engagement styles:

- **Evangelize** — Take responsibility to advance the digital dexterity of business partners and present new business options and opportunities based on successful digital examples.

- **Consult** — Provide technology translation to help partners understand technology so they can make effective decisions. Provide advice and frameworks to guide decision making and planning.
Principle 2. Expand Access to Technical Expertise

Expansion of business-led technology requires evolution in IT roles and their responsibility in business engagement. IT technical roles and teams are increasingly integrated into business-led fusion teams to combine business users, business technologist and specialized IT resources needed to focus on significant and continuous business capability improvement.

CIOS are gradually hiring or developing more generalists in their teams (i.e., IT employees who can provide expertise in one to two technical areas and are able to combine a technical understanding of digital technologies with digital engagement activities) to act as the bridge between business technologist and IT expertise.

IT leaders should establish engagement resources and processes to provide fast and seamless access to technical and other types of expertise where and when business partners need it and seek to integrate IT resources with business-led fusion teams.

Principle 3. Organize Around Business Capabilities

IT leaders should align the IT-business interface around what the business wants to get done, not how the enterprise is organized. IT business engagement should adjust continuously to focus on connections with business capability teams who are identified as accountable to achieve strategic goals and who need to deliver significant capability change to deliver the outcomes identified in the strategy. CIOs should look for opportunities to work with business leaders to form business fusion teams with IT integrated, where capability strategy requires continued and significant improvements achievable with greater technology delivery.
To determine the right targets to establish strategic engagement, CIOs should employ enterprise business capability modeling as an engagement mechanism to:

- Understand the unique purpose of any given capability as part of the overall value chain.
- Identify where business capability responsibilities are strategic and where performance improvement is needed.

Business capability modeling is a technique that allows enterprises to combine resources, competencies, information, technology, processes and their environments to create unique competitive possibilities. The process of capability modeling should be a team effort, bringing business leaders and experts together with IT leaders and experts to:

- Identify business capabilities critical to achieving strategic goals.
- Determine any changes in capability needed to succeed in that effort.

CIOs should focus engagement efforts on those capabilities identified as strategic to achieving the goals of the enterprise and those that need to undergo significant change in ability. When these two capability conditions exist, it is highly likely that digitalization is required.

**Get the Right Seat at the Table**

Strategic engagement occurs when two or more parties are committed to strategic objectives and work together as equals to deliver the outcome that requires their combined skills and contributions. In a partnership, all parties succeed or fail as a team.

You can’t achieve strategic engagement if you are not working actively with the right executive decision makers and their teams, when they are making decisions, setting goals and establishing initiatives. CIOs must first act to get the right seat at the right table — positioning and timing are everything.
To determine the “right tables,” CIOs need to seek leaders and teams where strategic decisions are being made, goals are being set and initiatives are being formed to achieve capability performance improvement. By engaging with decision makers and capability owners and experts during their process of exploring, decision making, and plan development, the CIO has the opportunity to proactively influence the strategic plan, and assume shared responsibility to achieve strategic goals. Participating early and in ongoing discussions with business leaders enables the CIO to determine the right seat for IT — as contributor, consultant, teammate or team member.

Executive Summary Video

Next Steps for CIOs

As CIOs, you should:

- Begin your strategic engagement effort by:
  - Determining the right position for IT with all key business teams
  - Developing the right tactics to get the right seat at the table and to contribute effectively as a strategic partner. See *Get the Right Seat at the Table, Increase IT Value: Shift Your Seat at the Table, Deliver Strategic Business Value With Your Seat at the Table, Boost Your Relationship With Stakeholders to Become a Digital Orchestrator.*

- Shift your engagement mindset and approach from trying to get IT closer to the business, to establishing business and IT fusion to leverage the abilities of business technologist and IT experts. Establish business leader accountability for technology value, performance and risk management, and IT leadership to provide cross-enterprise best practices, idea sharing and capability innovation. See *Democratize and Distribute Technology Work Across the Entire Enterprise to Accelerate Digital Business, Force Multipliers: Closing the Digital Talent Gap for the Whole Enterprise, Not Just IT.*
Apply three principles to reshape your strategic engagement approach:

- Evolve new roles in the engagement effort.
- Provide technical expertise to business-led technology teams.
- Organize IT to focus on enterprise capabilities. See Rethinking IT-Business Engagement, A Pragmatic Engagement Approach to Quantify Strategic Business Value of IT Contribution, Leverage 3 Business-Capability-Driven Frameworks to Accelerate Digital Strategy Execution, How to Execute Successful Internal Digital Product Management, Fusion Teams: A New Model for Digital Delivery.

Identify the existing contextual perception of the IT value proposition by key enterprise leaders and teams. Elevate and expand that perception by focusing on the potential of digitalization in each context — operational excellence, customer intimacy and digital transformation. See The CIO’s Guide to Strategic Engagement and The CIO’s Role in Preparing for Digital Business Acceleration, Digital Business Ambition: Transform or Optimize?

Evidence

1 The 2021 Gartner CIO Survey was conducted to inform CIOs on how to prosper in the post-COVID-19 world. It was conducted online from 14 July 2020 through 14 August 2020 among Gartner Executive Programs members and other CIOs. Qualified respondents are each the most senior IT leader (CIO) for their overall organization or a part of their organization (for example, a business unit or region). The total sample is 1,877, with representation from all geographies and industry sectors (public and private). The survey was developed collaboratively by a team of Gartner analysts and was reviewed, tested, and administered by Gartner’s Research Data and Analytics (RDA) team.

Disclaimer: Results of this study do not represent global findings or the market as a whole, but reflect sentiment of the respondents and companies surveyed.

2 The 2021 Gartner Reimagining Technology Work Survey — Gartner surveyed almost 11,848 employees — across functions, levels, industries and geographies — to assess the analytic and technology activities in their jobs and the reasons for performing those activities. This helped us assess the prevalence of what we call business technologists: Employees who report outside of IT and create technology or analytics capabilities for internal or external business use.
Disclaimer: Results of this study do not represent global findings or the market as a whole, but reflect sentiment of the respondents and companies surveyed.

Note 1. Gartner Essential Frameworks

Gartner Essential Frameworks Executive Programs report outlines four CIO focus areas comprising 20 accountabilities. This Executive Essentials report focuses on Move from Strategic Alignment to Engagement.

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

Get the Right Seat at the Table
Increase IT Value: Shift Your Seat at the Table
Deliver Strategic Business Value With Your Seat at the Table
The CIO’s Guide to Powerful Strategic Contribution
How CIOs Can Use Objectives and Key Results to Drive Execution Success
The 9 Rules for Demonstrating the Business Value of IT
How to Execute Successful Internal Digital Product Management
Adaptive Business Engagement: Preparing IT-Business Collaboration for Digitization
Redefining the IT-Business Interface: Five Engagement Postures for the Digital Era