State of the CIO 2008:
Three Types of CIOs

All CIOs are not created equal. What they do with their time, which leadership competencies they draw on to do their jobs and how they benefit their businesses vary across the wide spectrum that is the mission of the role. The choices CIOs and their enterprise make will affect the CIO's salaries, reporting structure, whether they have a seat at the executive table and their role in innovation. For the CIO's employers, the type of worker they hire or cultivate will determine the nature of IT's value and contribution to business results. Will IT contribute more to top-line growth or bottom-line efficiency? Will its focus be primarily on defense—cost control, security, compliance—or offense—revenue growth, commercial opportunities and competitive differentiation? With the right CIO for the right company, actions and priorities will line up for success. But with the wrong CIO for the job—or the right CIO in the wrong company—the results will be mutual frustration, dead-end initiatives and high turnover.

In the 2008 "State of the CIO" study, *CIO* magazine incorporated the CIO job model and competencies framework created by the CIO Executive Council to get to the bottom of how CIOs spend their time and the resulting personal and business ramifications. More than 500 heads of IT chose from a list of CIO activities and actions that most accurately characterized how they spend the majority of their time on the job. Based on their responses, we characterized the CIOs into one of three categories outlined in the CIO Executive Council's Future-State CIO Model. The first category is Function Head: These CIOs are primarily focused on activities that face the IT organization and are intended to achieve IT operational excellence. The second category is Transformational Leader: These CIOs are primarily focused on creating change for their enterprise through close partnerships with business operations and cross-functional corporate departments. CIO leadership activities are centered more on process reengineering and automation, not just delivering the basic IT services. The final category is Business Strategist: These CIOs focus most of their attention on driving business strategy for competitive advantage. Their activities face across the enterprise and beyond to external customers, the competitive marketplace and even adjacent industries.

The CIOs of the Council who devised this model emphasize that it is deliberately simplified and that no CIO is solely occupied in the activities of any one category. Rather, their focus spans all three, but the primary focus at a given period may be on the activities associated with one of the three categories.

The Types Defined: How They Spend Their Time

The following activities are characteristic of each category in the CIO model.

Function Head
- Managing IT crises
- Developing IT talent
- Improving IT operations
- Improving system performance
- Security management
- Budget management

Transformational Leader
- Redesigning business processes
- Aligning IT initiatives and strategy with business goals/strategy
- Cultivating the IT/business partnership
- Leading change efforts
- Implementing new systems and architecture
- Mapping IT strategy to overall enterprise strategy

Business Strategist
- Developing/refining business strategy
- Understanding market trends
- Developing external customer insight
- Developing business innovations
- Identifying opportunities for competitive differentiation
- Reengineering or developing new sales and distribution channels

Based on 542 respondents' choices of which activities comprise their primary focus, we classified 37 percent as Function Heads; 51 percent as Transformational Leaders and only 12 percent as Business Strategists.

Future-State CIO Model
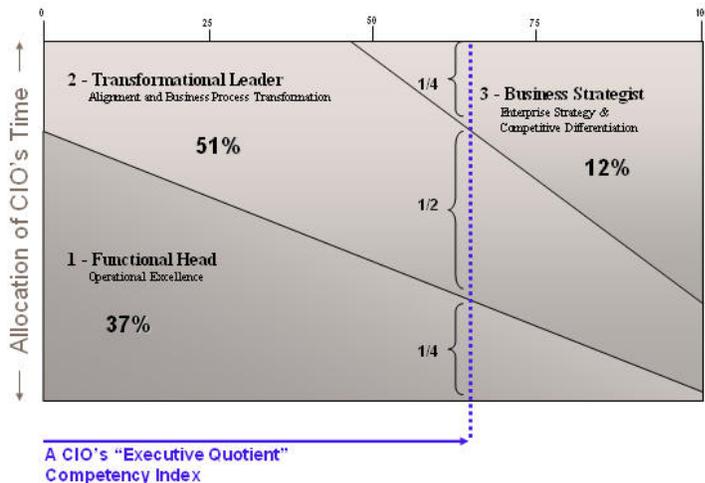
Findings and Analysis

Summary

It's not surprising that most CIOs are consumed with transformational duties and alignment, and that an additional large percentage are homed in on the IT function and its operations. Few CIOs have the luxury of spending most of their time on strategy; those that do have earned it by building a smooth-running, efficient IT operation and a strong partnership with the business that keeps the portfolio in synch with business needs. Their business processes, while always subject to change, are operating effectively and are fine-tuned to current and near-future needs. Enterprises with less mature IT organizations or those that rely heavily on an operations-centric business model may need the CIO to spend a majority of the time with his Function hat on striving for operational excellence.

However, in developing their CIO model, leaders of the CIO Executive Council have asserted that the position, to be viable long-term, needs to adopt more of the Business Strategist focus and activities, even if it requires influencing their enterprises to accept and value that role expansion. "We believe that this is the future-state of the CIO role, which in time will become the mandate for most CIOs at most businesses," says Louis Ehlrich, CIO of Chevron Global Downstream and vice president of Strategy and Services. "None of this is to say that we, or any other CIO, should turn our backs on the operational or IT transformational aspects of our role. But as the position evolves, we are spending proportionally much more of our time as strategists versus the other aspects of the role."

Other Council leaders see more urgency for CIOs to embrace the business strategist aspect of the role. "CIOs have long been too focused on budget and operations as the measures of their value. With technology becoming a more significant source of competitive advantage for our business, CIOs need to shift their focus from the costs of technology to the revenue potential of technology," says Marc West, group president, commercial accounts and former CIO at H&R Block.

Traditionally, one way to get four or more CIOs in a room to start arguing was to ask them whether IT should primarily be a supporter/enabler of the business, or should it proactively envision business possibilities and take the initiative to make them a reality through information technology. Survey respondents were asked to take sides on this philosophical point. Business Strategists take the proactive stance at a rate of 83 percent. Function Head and Transformational CIOs also favored the proactive philosophy, but at a much lower rate—52 percent and 64 percent, respectively. If companies want a CIO who is more likely to step beyond the support role and push the boundaries of what IT could achieve for a business, then the Business Strategist seems to be a more likely candidate for that job.

Highlights and Trends

The following section highlights interesting findings from the study overall.

Reporting Structure

Forty-one percent of CIOs report directly to the CEO, while only 23 percent report to the CFO, consistent with findings from the past two surveys. Seventy-one percent of IT executives surveyed sit on their organization's business executive management committee.

Average Tenure and Compensation

On average, CIOs are staying in their jobs for four years, five months—down slightly from the five years, one month reported last year. Average salaries are up across all organizations:

Average Salary by Company Revenue	2007	2008
<$100 million	$134,200	$148,300
$100 - $999.9 million	$184,000	$213,500
$1 billion or more	$281,900	$344,400

Background

About three quarters (77 percent) of respondents say their primary area of experience prior to their current position was IT followed by consulting (7 percent), engineering (4 percent) and operations (3 percent).

Critical Leadership Competencies

Over half (56 percent) of the sample say long-term strategic thinking and planning is an executive leadership skill most critical in their current role followed by collaboration and influence (47 percent), and expertise in running the IT function (39 percent). Over one third of IT heads also selected change leadership (38 percent) and team leadership (35 percent) as critical leadership competencies.

When asked to rate their level of proficiency among these executive leadership competencies on a scale of 1 to 7 where 1 = basic and 7 = exceptional, 76 percent of respondents rate themselves within the top 2 boxes for team leadership, 75 percent within the upper 2 boxes for expertise in running the IT function and 73 percent rate themselves a 6 or 7 for long-term strategic thinking and planning. Although collaboration and influence, and change leadership ranked within the top five critical competencies, only 65 percent and 63 percent, respectively, rated themselves within the top 2 boxes.

Overall Rankings of Leadership Competencies and Proficiency Scores for Each

	Most Critical Leadership Competencies	Respondent Proficiency Ranking (Choice of Top 2 Scores)
Long-term strategic thinking and planning	56%	73%
Collaboration and influence	47%	65%
Expertise in running the IT function	39%	75%
Change leadership	38%	63%
Team leadership	35%	76%
Meeting or beating business goals	22%	64%
Knowledge of your business's market	20%	54%
People development	17%	58%
External customer focus	10%	40%
Identifying and seizing on commercial opportunities	5%	23%

How CIOs Spend Their Time—and with Whom

When asked how much time is typically spent with various constituencies, CIOs report spending an average of 40 percent of time with their IT staff or team, 22 percent with company executives, 18 percent with non-IT employees, 11 percent with IT vendors or service providers and 9 percent of their time with external business partners or customers.

Eight out of ten respondents (82 percent) say that aligning IT initiatives with business goals is an activity in which they spend the majority of focus and time followed by cultivating the IT/business partnership (69 percent), improving IT operations (59 percent), leading change efforts (57 percent), implementing new systems and architecture (53 percent) and developing IT talent (42 percent).

IT Budgets and Staffing

The average IT budgets as a percentage of total revenue is 6.7 percent in this year's study. CIOs responding support an average of 6,073 users and an average IT staff of 173 employees. In terms of budget allocation, an average of 60 percent of the IT budget is devoted to nondiscretionary items while 34 percent is allocated to discretionary projects providing new capabilities. IT executives report that an average of 17 percent of their total IT labor is provided by outsourcers or contract service providers.

Control of IT Spending and Accountability for ROI

IT spending is centrally controlled by the IT organization at 57 percent of respondent organizations. One-third (34 percent) of IT executives say control of IT spending at their companies is blended by IT and business units or functions while 7 percent say IT spending is centrally controlled by a non-IT executive. Only 3 percent say IT spending is directly controlled by their organization's business units or functions.

ROI accountability is shared by IT and business leadership at half (50 percent) of respondent organizations, while 43 percent say IT leadership is primarily accountable for ROI. Six percent say business unit leadership is primarily accountable for IT ROI.

Role of IT in Innovation

The importance of the CIO and IT role as a driver of business innovation continues to increase in importance. Sixty-five percent of IT executives surveyed say that bringing ideas for IT-enabled business innovation to the table is a significant or dominant part of their jobs, up from 56 percent reported last year. Forty-four percent of CIOs say their role and the role of the IT function in driving or enabling business innovation is significantly more important than it was 12 to 24 months ago, compared with 34 percent in the 2007 study.

Sixty-two percent of IT executives believe that the role of IT is to proactively envision business possibilities and initiate those ideas with technology while 38 percent believe IT should support and enable predefined business initiatives. CIOs report that an average of 36 percent of current business initiatives considered "innovations" are driven by IT, down from 43 percent in last year's survey. About two-thirds (68 percent) of CIOs say that IT is coleading innovation initiatives with business executive sponsors while one-in-five (21 percent) say IT is leading innovation initiatives across the company. IT is playing an implementation role only at 11 percent of respondents' organizations.

IT's Impact on Business

Similar to last year's findings, accounting and finance (70 percent) is the most frequently cited business process undergoing improvement by IT, followed by customer service and support (68 percent) and human resources (54 percent). Forty-two percent of respondents report that IT is improving the supply chain/logistics process—significantly higher than the 27 percent of respondents selecting this option in last year's study.

When asked what impact IT had on the overall business in the past year and in the year ahead, reduced business costs, enabled business innovation and improved external customer satisfaction were most frequently cited by respondents. The percentage of IT executives reporting that IT improved external customer satisfaction in the past year dropped to 38 percent from 46 percent in last year's study.

Priorities for 2008

When asked to rank the top five IT management priorities for the year ahead, aligning IT and business goals, IT-enabled process improvement, business continuity/risk management, improving internal user satisfaction and controlling IT costs rank within the top five. Controlling IT costs ranks fifth, up from eighth in last year's survey. IT governance moves to seventh from the No. 12 ranking in last year's study.

The top five technology priorities for the coming year include integrating/enhancing existing systems and processes; business intelligence; ensuring data security and integrity; new business services/products; and collaboration/knowledge management. Mobile/wireless drops to the No. 12 ranking this year, down from fifth-ranked last year.

Highlights and Trends by Type

We discovered some interesting differences when we compared results for each CIO type.

Compensation, Budget Control and Reporting Relationships

From a professional standpoint, the CIOs who spend the most time on the Business Strategist activities enjoy professional advantages over those who work mostly on Functional or Transformational activities. Business Strategist CIOs earn nearly $100,000 more than their Function Head counterparts and more than $50,000 than Transformational CIOs. We determined that company revenue, user headcount and budget were not factors affecting this pay differential.

Average Compensation by Type

Business Strategist CIOs also enjoy greater control over IT spending in their enterprises. Seventy-one percent of Business Strategists say spending is centrally controlled by the IT organization (versus blended or distributed control by business units or other functions). For Function Heads and Transformational Leaders, the number with central control is 57 percent and 52 percent, respectively.

IT Spending by CIO Type

	Total	Function Head	Transformational Leader	Business Strategist
Centrally controlled by IT organization	57%	57%	52%	71%
Blended control by IT and business units or functions	34%	34%	36%	24%
Centrally controlled by non-IT executive	7%	7%	7%	2%
Directly controlled by business units or functions	3%	1%	5%	3%

Most CIOs will tell you that reporting to the CEO is preferential, if not essential, to their effectiveness as leaders. Among the Business Strategists, 51 percent report to CEOs versus 39 percent of Function Heads and 42 percent of the Transformational Leader CIOs. Less than 10 percent of Business Strategist CIOs report to CFOs, versus 26 percent of Function Heads and 23 percent of Transformational Leaders.

Reporting Relationship by CIO Type

	Total	Function Head	Transformational Leader	Business Strategist
CEO	41%	39%	42%	51%
COO	16%	15%	14%	25%
CFO	23%	26%	23%	10%
Corporate CIO	7%	8%	7%	6%
Other	13%	11%	14%	8%

Probably more important than to whom CIOs report is whether or not they have a seat at the executive table. Here again, the Business Strategist CIOs have an edge over their peers. Eighty-four percent of Business Strategists are members of the executive committee, while 68 percent of Function Heads and 70 percent of Transformational Leaders have committee seats. The preponderance of Business Strategists at the table is likely a result of the more strategic, cross-enterprise activities they focus on, such as enabling new revenue streams. They need to be part of those business strategy conversations as they happen at the executive level. "If I was talking to a CEO or president, I'd tell them it's insane to make any strategic decision without the CIO at the table," says Gerry McCartney, CIO of Purdue University.

CIOs have a greater variety of constituents than perhaps any other corporate executive: IT staff, fellow executives, users, vendors and external business partners/customers. One way to gauge the thrust of a CIO's role is by whom they spend their time with. While all three CIO types allot the greatest percentage of their time to their IT staffs, Function Head CIOs, having a greater focus on the IT organization, spend significantly more time with the staff than do their counterparts. They also log more hours dealing with the vendor community than do Business Strategists or Transformational Leaders. As one would expect, the outward-focused Business Strategist spends significantly more time with external customers than do their counterparts.

CIO Hall of Fame member Barbra Cooper, for example, says she spends 50 percent of her focus on engagement with business constituents as CIO of Toyota Motor Sales USA. This shift in focus began four years ago. Prior to that, Cooper's focus was necessarily internal, as she led major IT transformational efforts and significant capital investments.

Time Spent with Constituents by CIO Type

	Function Head	Transformational Leader	Business Strategist
Your company's execs	20%	23%	**27%**
IT staff or team	**42%**	39%	32%
Non-IT employees	18%	18%	17%
IT vendors/service providers	11%	11%	10%
External partners/customers	8%	10%	**14%**

How Priorities Differ

All three types of CIOs share similar management challenges for 2008. However, the priority they assign to some of these challenges differs significantly. They all agree that aligning IT and business goals is their No. 1 priority, and that IT-enabled process improvement is No. 2; Function Head CIOs put controlling costs as the No. 3 priority.

The greatest priority discrepancy applies to revenue-generating services/products. For Business Strategists, this is the No. 3 priority, with 44 percent naming it as one of their top five challenges. Transformational Leaders and Function Heads relegate this to their No. 9 and No. 12 priority, respectively. Only 16 percent of Function Head CIOs chose revenue-generating services/products as a top five challenge. This may be that Function Heads have so many internal issues to contend with, such as risk management and cost reduction, that there are fewer chances to focus on commercial-oriented possibilities.

Business Priorities by CIO Type

IT Management Priorities	Function Head	Transformational Leader	Business Strategist
Aligning IT and business goals	1	1	1
IT-enabled process improvement	2	2	2
Business continuity/risk management	4	4	5
Improving internal user satisfaction	5	3	4
Controlling IT costs	3	5	7
IT staff development	7	6	6
IT governance	6	8	11
Revenue-generating services/products	12	9	3
Measuring and communicating IT value	9	7	10
Improving project management discipline	8	10	8
Data privacy	10	12	9
Regulatory compliance	11	11	13
Scaling IT globally	13	13	12
Other	14	14	14

When it comes to technology priorities, integration and business intelligence are the top picks for all three CIO types. Beyond that, there is divergence. Business Strategists place a higher priority on technologies that affect external customer service than do the other two types of CIOs.

Ensuring data security and integrity is No. 3 for Function Heads and Transformational Leaders, but Business Strategists place far less relative priority on it. One can only hope that this is because they have well-founded confidence in their existing safeguards or their CSO's ability to focus on this area while the CIO spends time elsewhere.

Consistent with their internal orientation, Function Heads place a higher priority on data center optimization and enterprise architecture than do their counterparts, possibly because the other types of CIOs already have their data centers in hand and their architecture set.

Technology Priorities by CIO Type

Technology Priorities	Function Head	Transformational Leader	Business Strategist
Integrating/enhancing existing systems and processes	1	1	2
Business intelligence	2	2	1
Ensuring data security and integrity	3	3	9
New business services/products (Web services)	5	4	4
Collaboration/knowledge management	7	5	3
Enterprise architecture/service-oriented architecture	4	12	6
E-commerce	11	7	7
External customer service	12	6	5
Supply chain automation/visibility	10	8	10
Data center optimization	6	10	12
Identifying/incorporating promising new technologies	8	9	8
Content/document management	9	11	13
Mobile/wireless	13	13	11
Other	15	15	15
Open source software	14	14	14

Business Strategists Favor Innovation

Nearly 70 percent of respondents say their IT organization is co-leading innovation initiatives with fellow business executive sponsors. But in the minority of companies where IT is the *main* leader of innovation initiatives, the CIOs are twice as likely to be Business Strategists than Function Heads.

How significant to the CIO role is innovation leadership? The majority of respondents said it was a significant part of their roles in terms of how their success is evaluated. But innovation seems to loom larger for Business Strategist CIOs. Seventy-eight percent rated innovation as a significant or dominant part of their role, compared with 70 percent of Transformational Leaders and 65 percent of Function Heads. More than one-third of Function Heads said innovation was only a modest part of their role, while only 22 percent of Business Strategists weighted innovation as modest.

Innovation as Part of the CIO Role

	Function Head	Transformational Leader	Business Strategist
Dominant Part	6%	9%	19%
Significant Part	48%	61%	59%
Modest Part	45%	29%	22%
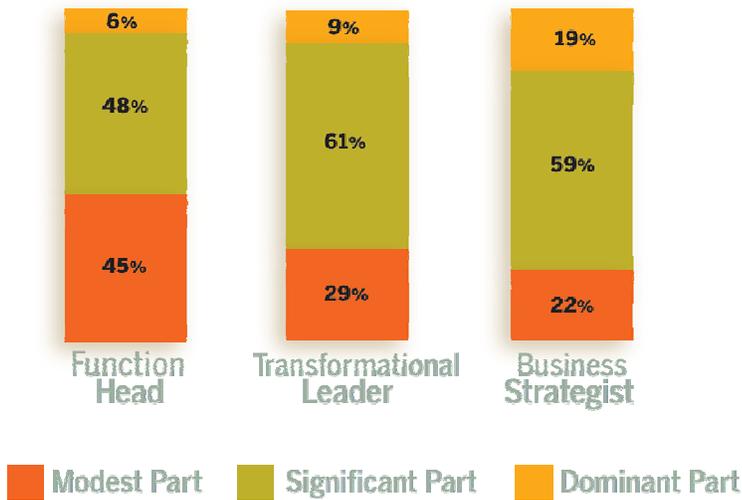
Process Improvement: Internal vs. External

Of all the business processes that CIOs are currently improving with IT, the most commonly chosen overall were primarily internal-facing processes: accounting and finance, customer service/support, human resources, compliance and asset management/maintenance. However, there are some differences in which processes Transformational Leaders and Business Strategists are focusing on. Only Transformational Leaders have supply chain/logistics in their top five processes that IT is improving. This seems logical, since reengineering supply chain and logistics is one of the most profound ways to transform companies.

Business Strategists differentiate even more from the cumulative top five processes. These types of CIOs say they are having a greater impact on processes that face the external customer, compared with their Function Head and Transformational counterparts. Business Strategists cite customer service/support as their No. 1 process undergoing improvement through IT. They also chose sales processes and marketing processes as their No. 3 and No. 4 processes, respectively. Neither of these customer-facing and revenue-oriented processes cracked the top five of either the Function Heads or Transformational Leaders.

Focus on Processes by CIO Type

	Total	Function Head	Transformational Leader	Business Strategist
Accounting and finance	71% (1)	73% (1)	69% (1)	70% (2)
Customer service/support	69% (2)	67% (2)	67% (2)	81% (1)
Human resources	54% (3)	51% (3)	57% (3)	54% (5)
Compliance	48% (4)	47% (5)	48% (4)	48%
Asset management/maintenance	43% (5)	48% (4)	39%	40%
Sales	42%	36%	42%	63% (3)
Supply chain/logistics	42%	37%	45% (5)	41%
Order/invoice processing	40%	42%	39%	41%
Marketing	39%	34%	39%	56% (4)
Inventory management	39%	40%	39%	33%
Risk management	38%	39%	39%	32%
Order fulfillment	31%	27%	34%	25%
R&D/product development	29%	27%	30%	32%
Manufacturing	20%	22%	18%	22%
Other	19%	15%	20%	21%

Business Impact: The CIOs' Value Proposition
The value CIOs bring to their businesses differs somewhat by type and focus area. From a business results perspective, this is a key differentiator; companies must realize that the type of CIO they hire and embrace will affect the kind of value that executive brings to the business. For Function Heads, the No. 1 impact IT had in 2007 was business cost reduction. For Transformational Leaders, the No. 1 impact was enabling business innovation. For Business Strategists, No. 1 was creating competitive advantage.

It's significant that competitive advantage did not crack the top five business impacts of the Function Head. For Function Heads, improving security/risk management weighs larger (No. 3), again consistent with the notion that the Function Head CIO focuses significant attention internally on creating sound systems and processes that lead to operational excellence. However, it is encouraging to see that all three types of CIOs saw improvement of external customer satisfaction as one of their top five business impacts in the past year.

When it comes to 2008, what are CIOs expecting to do for their businesses? The top three aspirations for the Business Strategist are to create competitive advantage, enable innovation and enable new revenue streams. These three goals do not appear on the top five list for Function Heads and Transformational Leaders, for whom enabling innovation is No. 1, with reducing costs as No. 2 and 3, respectively.

IT's Impact in 2008 by CIO Type

Impact of IT Next Year	Function Head	Transformational Leader	Business Strategist
Enable business innovation	47%	58%	65%
Improve customer satisfaction	41%	45%	33%
Reduce business costs	45%	41%	30%
Create competitive advantage	25%	35%	67%
Grow existing revenue streams	30%	28%	25%
Enable new revenue streams	21%	25%	41%
Improve security/risk management	35%	21%	8%
Enable global expansion	20%	16%	17%
Supply chain automation/visibility	18%	17%	10%
Enable regulatory compliance	10%	12%	3%

–Richard Pastore, managing director of content development, CIO Executive Council

Results by Question

Q. To whom do you report? (base 558)	Percent of sample answering
CEO	41%
COO	16%
CFO	23%
Corporate CIO	7%
Other	13%

Q. Are you part of the business executive management committee? (base 557)	Percent of sample answering
Yes	71%
No	29%

Q. How long have you been in your current position? (base 557)	Percent of sample answering
Less than 1 year	13%
Between 1 and 2 years	19%
Between 2 and 3 years	17%
Between 3 and 4 years	10%
Between 4 and 5 years	7%
Between 5 and 6 years	6%
Between 6 and 7 years	9%
Between 7 and 8 years	7%
Between 8 and 9 years	3%
Between 9 and 10 years	3%
Between 10 and 12 years	3%
Between 12 and 15 years	2%
Between 15 and 20 years	1%
Longer than 20 years	1%
Mean years	4.4
Median years	3.1

Q. Over the course of your career, what has been your primary area of experience? (base 558)	Percent of sample answering
IT	77%
Consulting	7%
Engineering	4%
Operations	3%
Administration	3%
Finance/accounting	2%
Sales	1%
Manufacturing/production	1%
Marketing	1%
Logistics	0%
Other	2%

Q. What range best represents your total annual compensation in 2007 (including base salary, bonus and stock options)? (base 552)	Percent of sample answering
More than $750,000	3%
$500,001 to $750,000	4%
$450,001 to $500,000	2%
$400,001 to $450,000	3%
$350,001 to $400,000	4%
$300,001 to $350,000	7%
$250,001 to $300,000	7%
$225,001 to $250,000	5%
$200,001 to $225,000	6%
$175,001 to $200,000	10%
$150,001 to $175,000	9%
$125,001 to $150,000	12%
$100,000 to $125,000	15%
Less than $100,000	10%
Declined to answer	3%
Mean	$237,400
Median	$182,100

Q. Of the time you typically spend interacting with each of the following constituencies, please estimate the percent of your time spent with each group.	Your company's executives	IT staff or team	Non-IT employees	IT vendors/ service providers	External business partners/ customers
Base	555	555	555	555	555
51% or more	0%	14%	0%	0%	0%
41% to 50%	3%	22%	0%	0%	0%
31% to 40%	10%	30%	5%	0%	1%
21% to 30%	31%	23%	22%	4%	5%
11% to 20%	33%	8%	39%	24%	18%
10% or less	23%	2%	31%	71%	66%
0%	0%	1%	2%	1%	11%
Mean	22%	40%	18%	11%	9%
Median	20%	40%	20%	10%	5%

Q. Which of the following executive leadership competencies is most critical to your current role? Choose three. (base 555)	Percent of sample answering
Long-term strategic thinking and planning	56%
Collaboration and influence	47%
Expertise in running the IT function	39%
Change leadership	38%
Team leadership	35%
Meeting or beating business goals	22%
Knowledge of your business's market	20%
People development	17%
External customer focus	10%
Identifying and seizing on commercial opportunities	5%

Q. How proficient are you currently at each of the following executive leadership competencies? Considering the scope, impact and sophistication of your performance, please rate on a scale of 1 to 7 where 1 = basic, 4 = moderate, 7 = exceptional								
	1	2	3	4	5	6	7	NA
Long-term strategic thinking and planning	0%	0%	1%	6%	19%	41%	33%	0%
Expertise in running the IT function	0%	0%	1%	7%	16%	41%	34%	0%
Identifying and seizing commercial opportunities	3%	4%	11%	24%	27%	18%	5%	9%
Team leadership	0%	0%	0%	4%	19%	51%	25%	1%
Knowledge of your business's market	0%	1%	4%	13%	28%	34%	20%	1%
People development	0%	0%	2%	12%	27%	40%	18%	0%
Collaboration and influence	0%	0%	1%	6%	26%	44%	21%	1%
External customer focus	1%	2%	7%	19%	27%	28%	12%	4%
Meeting or beating business goals	0%	1%	1%	8%	24%	47%	18%	1%
Change leadership	0%	0%	1%	9%	26%	43%	20%	0%

Q. Choose six activities that best characterize how you spend the majority of your focus and time in your current role. (base 546)	Percent of sample answering
Aligning IT initiatives with business goals	82%
Cultivating the IT/business partnership	69%
Improving IT operations	59%
Leading change efforts	57%
Implementing new systems and architecture	53%
Developing IT talent	42%
Redesigning business processes	40%
Developing business strategy	37%
Budget management	35%
Managing IT crises	28%
Developing business innovations	24%
Identifying opportunities for competitive differentiation	24%
Security management	23%
Understanding market trends	13%
Developing external customer insight	9%

Q. What are you responsible for? (base 552)	Percent of sample answering
Enterprisewide IT	90%
Division IT only	10%

Q. What is your IT budget in dollars? (551)	Percent of sample answering
More than $1.5 billion	0%
$1 billion to $1.5 billion	1%
$500 million to $999.9 million	1%
$250 million to $499.9 million	3%
$100 million to $249.9 million	5%
$50 million to $99.9 million	8%
$10 million to $49.9 million	25%
$5 million to $9.9 million	16%
Less than $5 million	40%
Mean (millions)	$57.8
Median (millions)	$7.9
Don't know	1%

Q. What percent of your company's total revenue does the IT budget represent? (base 550)	Percent of sample answering
1% to 5%	66%
6% to 10%	20%
11% to 15%	4%
16% to 20%	2%
21% to 30%	3%
31% to 40%	1%
41% to 50%	1%
51% to 60%	0%
61% to 70%	0%
71% to 80%	0%
81% to 90%	1%
91% to 100%	0%
Mean	6.7%
Median	3.9%
Don't know	4%

Q. How is IT spending controlled? (base 555)	Percent of sample answering
Centrally controlled by IT organization	57%
Blended control by IT and business units or functions	34%
Centrally controlled by non-IT executive	7%
Directly controlled by business units or functions	3%

Q. Who is primarily accountable for IT ROI? (base 556)	Percent of sample answering
IT and business leadership share accountability	50%
IT leadership	43%
Business unit leadership	6%
Don't know	1%

Q. How many internal users does your IT organization support? (base 555)	Percent of sample answering
More than 100,000	1%
50,001 to 100,000	2%
20,001 to 50,000	4%
10,001 to 20,000	5%
5,001 to 10,000	9%
2,501 to 5,000	14%
1,001 to 2,500	15%
501 to 1,000	14%
301 to 500	11%
201 to 300	6%
101 to 200	8%
Less than 100	11%
Mean	6,073
Median	1,046
Don't know	<1%

Q. What is the headcount of your IT staff in full-time equivalents, not including contract employees or outsourced employees? (base 551)	Percent of sample answering
Over 4,000	0%
2,001 to 3,000	1%
1,001 to 2,000	3%
501 to 1,000	2%
101 to 500	20%
50 to 100	15%
Less than 50	58%
Mean	173
Median	42
Don't know	1%

Q. Will your headcount increase, decrease or remain unchanged over the next 12 months? (base 553)	Percent of sample answering
Increase	51%
Decrease	7%
Remain unchanged	40%
Don't know	2%

Q. Will your IT headcount increase, decrease or remain unchanged over the next 12 months? (base 533)	Percent of sample answering
INCREASE (NET)	52%
Increase by 1% to 10%	35%
Increase by 11% to 20%	9%
Increase by 21% to 30%	3%
Increase by 31% to 40%	1%
Increase by 41% to 50%	2%
Increase by 51% or more	2%
REMAIN UNCHANGED	41%
DECREASE (NET)	7%
Decrease by 1% to 10%	6%
Decrease by 11% to 20%	1%
Decrease by 21% to 30%	0%
Decrease by 31% to 40%	0%
Decrease by 41% to 50%	0%
Decrease by 51% or more	0%
Mean	5.9

Q. What percent of your total IT labor is provided by outsourcers or contract service providers? (base 552)	Percent of sample answering
0%	9%
1% to 10%	46%
11% to 20%	18%
21% to 30%	10%
31% to 40%	6%
41% to 50%	2%
51% to 60%	2%
61% to 70%	2%
71% to 80%	2%
81% to 90%	1%
91% to 100%	1%
Mean	17.1
Median	9.0
Don't know	1%

Q. Which statement best describes your philosophy on the IT department's primary role in the organization: (base 551)	Percent of sample answering
IT should support and enable business initiatives	38%
IT should proactively envision business possibilities and initiate with technology	62%

Q. What percent of your total IT budget is devoted to:	Non-discretionary items infrastructure, support and maintenance ("keeping the lights on")	Discretionary items new capabilities (i.e., new projects–not software upgrades)
Base	551	550
91% to 100%	3%	0%
81% to 90%	11%	2%
71% to 80%	25%	3%
61% to 70%	19%	6%
51% to 60%	11%	8%
41% to 50%	10%	14%
31% to 40%	9%	13%
21% to 30%	5%	24%
11% to 20%	4%	21%
Less than 10%	1%	7%
0%	0%	0%
Mean	60%	34%
Median	65%	29%
Don't know	2%	2%

Q. What role is IT playing in innovation at your company? (base 556)	Percent of sample answering
IT is leading innovation initiatives across the company	21%
IT is coleading innovation initiatives with business executive sponsors	68%
IT is playing an implementation role only	11%

Q. How much of your role is concerned with bringing ideas for IT-enabled business innovation to the table? Think in terms of how your success is evaluated or measured. (base 555)	Percent of sample answering
A significant part of my role	56%
A modest part of my role	34%
A dominant part of my role	9%
None	1%

Q. How has the importance of your role and the role of the IT function in driving or enabling business innovation changed now compared to 12 to 24 months ago? (base 556)	Percent of sample answering
Significantly more important	44%
Somewhat more important	38%
Unchanged	15%
Less important	3%

Q. Currently, what percent of current business initiatives that are considered "innovations" are driven by IT, i.e., the idea originates within the IT function or IT leadership or from a group in which IT plays a dominant role? (base 554)	Percent of sample answering
91% to 100%	2%
81% to 90%	2%
71% to 80%	7%
61% to 70%	9%
51% to 60%	7%
41% to 50%	11%
31% to 40%	12%
21% to 30%	18%
11% to 20%	18%
1% to 10%	12%
0%	1%
Mean	36%
Median	30%
Don't know	1%

Q. Which business processes are you currently improving with IT? Please check all that apply. (base 556)	Percent of sample answering
Accounting and finance	71%
Customer service/support	69%
Human resources	54%
Compliance	48%
Asset management/maintenance	43%
Sales	42%
Supply chain/logistics	42%
Order/invoice processing	41%
Marketing	39%
Inventory management	39%
Risk management	38%
Order fulfillment	31%
Research and development/product development	29%
Manufacturing	20%
Other	19%
Don't know	0%

Q. What are your top five IT management priorities for the year ahead? Rank top five priorities in order of importance.	Rank
Aligning IT and business goals	1
IT-enabled process improvement	2
Business continuity/risk management	3
Improving internal user satisfaction	4
Controlling IT costs	5
IT staff development	6
IT governance	7
Revenue-generating services/products	8
Measuring and communicating IT value	9
Improving project management discipline	10
Data privacy	11
Regulatory compliance	12
Scaling IT globally	13
Other	14

Q. What are your top five technology priorities for the year ahead? Rank top five priorities in order of importance.	Percent of sample answering
Integrating/enhancing existing systems and processes	1
Business intelligence	2
Ensuring data security and integrity	3
New business services/products (i.e., Web services)	4
Collaboration/knowledge management	5
Enterprise architecture/service-oriented architecture	6
External customer service	7-tie
E-commerce	7-tie
Supply chain automation/visibility	8
Data center optimization	9
Identifying/incorporating promising new technologies	10
Content/document management	11
Mobile/wireless	12
Other	13
Open source software	14

Q. What impact did IT have on the overall business in the past year? Please check the three greatest benefits. (base 552)	Percent of sample answering
Reduce business costs	52%
Enable business innovation	49%
Improve customer (external) satisfaction	38%
Improve security/risk management	30%
Create competitive advantage	29%
Grow existing revenue streams	23%
Enable regulatory compliance	22%
Enable new revenue streams	18%
Supply chain automation/visibility	16%
Enable global expansion	14%

Q. What impact do you expect IT will have in the year ahead? Please check the three greatest benefits. (base 552)	Percent of sample answering
Enable business innovation	54%
Improve customer (external) satisfaction	42%
Reduce business costs	42%
Create competitive advantage	35%
Grow existing revenue streams	28%
Enable new revenue streams	25%
Improve security/risk management	25%
Enable global expansion	17%
Supply chain automation/visibility	17%
Enable regulatory compliance	10%

Q. What is your gender? (base 550)	Percent of sample answering
Male	86%
Female	14%

Q. What is your age? (base 553)	Percent of sample answering
29 or under	1%
30 - 34	5%
35 - 39	13%
40 – 44	20%
45 – 49	23%
50 – 54	18%
55 – 59	11%
60 – 64	7%
65 or over	1%
Decline to answer	2%
Mean	47
Median	47

Q. What is your title? (base 553)	Percent of sample answering
CIO	29%
Director	17%
CIO and VP	16%
CIO and SVP	10%
VP	9%
CIO and EVP	5%
CTO	4%
General Manager	2%
SVP	2%
Managing Director	1%
EVP	0%
Other	4%

Q. What is your organization's primary business? (base 555)	Percent of sample answering
(NET) Non-Computer-Related Industries	**83%**
Manufacturing	12%
Health Care/Pharmaceuticals/Medical Services/Biotech	10%
Wholesale/Retailer/Distributor	9%
Education/Nonprofit	9%
Finance/Banking/Accounting	9%
(SUBNET) Government	9%
Government: State or Local (including law enforcement)	7%
Government: Federal (including Military)	2%
Insurance	6%
Utilities (Oil, Water, Gas, etc.)	3%
Real Estate/Legal Services	3%
Media (Publishing/Broadcasting/Advertising/PR	3%
Business Services/Consultant	3%
Automotive/Transportation	2%
Agriculture/Construction	1%
Aerospace/Defense Contractor	1%
Mining/Oil/Gas	1%
Travel/Tourism/Hospitality	1%
Entertainment	0%
(NET) Computer-Related Industries	**11%**
Manufacturer: Software	3%
Service Provider (ISP/ASP/MSP/BSP/ESP/Web Hosting)	2%
Manufacturer: Hardware	2%
Computer or Network Consultant/Data Processing Services	2%
VAR/VAD/OEM/Systems or Network Integrator	1%
Communications Carriers (Telecomm/Data Comm)	1%
Wholesale/Retailer/Distributor	1%
Other (please specify)	7%

Q. Please select the dollar amount that best represents the annual gross sales or revenue for your corporation, include all plants, divisions, branches, parents and subsidiaries worldwide. (base 545)	Percent of sample answering
(NET) $1B or more	32%
$40 billion or more	2%
$30 billion to $40 billion	1%
$15 billion to $29.9 billion	2%
$10 billion to $14.9 billion	3%
$5 billion to $9.9 billion	6%
$1 billion to $4.9 billion	20%
(NET) $101-$999M	39%
$501 million to $999 million	12%
$101 million to $500 million	27%
(NET) $100M or less	26%
$50 million to $100 million	10%
Under $50 million	16%
Mean (billions)	$2.8
Median (millions)	$442
Don't know	3%

Methodology and Resources

Methodology

CIO magazine's seventh annual "State of the CIO" survey was conducted with the objective of understanding how the role of the CIO continues to evolve in today's business climate and to help define the CIO agenda for 2008. The survey was administered online from July 9 to July 31, 2007. A sample of senior-level IT executives in charge of IT was selected from the CIO audience database and invited to take the survey. Findings shown are based on the responses of 558 heads of IT from a broad range of industries including: non-computer-related manufacturing (12 percent), healthcare/pharmaceuticals/medical services/biotech (10 percent), wholesale/retailer/distributor (9 percent), education/nonprofit (9 percent), finance/banking/accounting (9 percent) and government (9 percent). The margin of error on a sample size of 558 is +/- 4.1 percent. Percentages may not sum to 100 due to rounding.

All respondents are the top IT executive at their company or business unit. Two-thirds (64 percent) hold a CIO/CTO title, 21 percent a general manager/managing director/director, 11 percent an EVP/SVP/VP and 4 percent other. Ninety percent of respondents are responsible for enterprisewide IT and 10 percent are responsible for divisionwide IT.

In terms of company size, a greater percentage of respondents are employed in larger size companies compared to previous years. This should be considered if making comparisons to data from previous years.

Annual Revenue	2008	2007	2006
Less than $100 million	26%	39%	40%
$101 million to 999.9 million	39%	36%	37%
Greater than $1 billion	32%	22%	21%
Don't know	3%	3%	2%

Web Tools, Links and Learning Opportunities

Compare your own strength in these competencies with the scores of more than 900 visitors to cio.com using a simplified quiz.
https://www.cioexecutivecouncil.com/programs/futurestate/simple_csuite.html.

To weigh your impact as a strategist on the business, take the CIO Strategic Impact assessment quiz developed by the CIO Executive Council.
http://quizzes.cio.com/impact_quiz/.

Learn more about the c-level leadership competencies
http://www.cio.com/cec/strategic_cio/index, how CIOs are applying them
http://www.cio.com/video/outlookseries and how senior IT leaders are developing these skill areas
https://www.cioexecutivecouncil.com/public/pathways.html.

Delve into the Council's Future-State CIO Model at
https://www.cioexecutivecouncil.com/public/futurestatecio.