IT Leadership in the Next Normal

Four Priorities for CIO Success
Welcome to the next normal—a place where expectations of what is and isn’t possible have been completely reset. The coronavirus pandemic pushed every organization out of its comfort zone, squashing self-imposed boundaries and propelling many IT organizations to technology achievements we didn’t think we'd get to for years, or frankly at all.

In the weeks following the onset of the pandemic, many chief information officers (CIOs) were lauded for keeping our organizations running as we quickly moved our workforces remote. Now we find ourselves in a position where operations and business models are becoming more digital, and IT can finally play the influential role we always knew it could.

If CIOs and IT leaders don’t step up to meet this new demand—from rapidly changing customer needs to new models of employee engagement—we’ll miss out on a once-in-a-lifetime opportunity to accelerate our businesses at a pace and with buy-in that was previously unthinkable.

CIOs who are embracing these new opportunities, like those interviewed in this report from Harvard Business Review Analytic Services, demonstrate the powerful role IT can play in helping businesses not only survive, but also to thrive in the next normal. They are using this moment to accelerate change and rally their peers around the power of technology to meet new demands.

CIOs interviewed for this report are operating under new rules. For instance, they’re engaging their employees in different ways, ensuring frontline managers are doing their part to offer the flexibility, engagement, and connectedness required to operate in more virtual settings. And while the blended physical/digital workplace of the future is still to be determined, leading CIOs know that prioritizing communication, collaboration, and community is critical to operate successfully.

This research includes candid insights from leaders who are already operating in new ways and planning for more change ahead. I hope readers find this report, sponsored by Red Hat as part of The Enterprisers Project, to be an inspirational guide for thriving in the next normal. For additional inspiration, join us on The Enterprisers Project, Red Hat’s CIO community and publication, where we will continue discussing how IT can lead their organizations to a brighter future.
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Organizations across industries shifted their digital transformation plans into high gear during the coronavirus pandemic. The sudden need for remote operations and large-scale working from home brought new urgency to changes that, for many, were already in the works. At Toyota Financial Services, “our trajectory hasn’t changed, but the timeline for our plans has shrunk from five to 10 years to three to five years,” says Vipin Gupta, the company’s chief information officer (CIO).

Toyota Financial Services is not alone. According to a recent McKinsey & Co. survey of nearly 900 executives around the world, the pandemic accelerated the digitization of customer interactions, supply chain, and internal operations by three to four years in a wide range of industries.¹

These changes are likely to stick. Seventy-five percent of 150 C-suite executives recently surveyed by consulting firm West Monroe Partners say a lasting impact of the pandemic market crisis is that their organization will work faster and with more agility in the future.² The investments made—and the experiences gained—during the pandemic have brought about a great reset of expectations and intentions for the future.

It’s CIOs who will make these changes happen. The crisis, for all its challenges, shattered previous notions of what was and wasn’t possible, liberating CIOs to do things in new ways. Organizations in general, and CIOs specifically, are operating under new rules for the next normal.

“We’re not trying to get back to where we were,” says Bryson Koehler, chief technology officer (CTO) at Equifax. “We’re learning from what we have experienced, what has made us stronger, what has made us better, what our customers need us to do. And we need to think about ourselves as a completely different company than we did even a year ago.”

HIGHLIGHTS

The coronavirus pandemic caused organizations to accelerate their digital transformation plans by as much as three to four years.

Forward-leaning CIOs will build on that momentum to create new business and operating models for the next normal.

CIOs and their teams must adapt their approach to employee engagement and performance management for a more digital future of work.
Seventy-five percent of 150 C-suite executives recently surveyed by consulting firm West Monroe Partners say a lasting impact of the pandemic market crisis is that their organization will work faster and with more agility in the future.

One reason that organizations won’t go back to the old normal is because customers experienced their own reset of expectations for how they shop and the brands they use. Business-to-business (B2B) customers quickly grew to appreciate the benefits of remote sales interactions (faster, more efficient), remote training and simulations, remote monitoring, and more.

Companies that were already set up to offer such capabilities were able to exploit them quickly. Others have scrambled to deliver—in many cases, shattering speed records for new development that no one in their organizations thought possible. Wherever they started from, smart organizations will take into account both customer preferences and internal benefits like the greater efficiency of digital operations as they forge ahead.

As a group, CIOs and the technology sector more broadly scored high marks for the immediate response to the pandemic. Now they must decide how they will capitalize on that success. If the pandemic taught CIOs anything, it’s that reality can change overnight, and the ability to move quickly, flex, and pivot is essential to survival in an uncertain and kinetic world.

“From an IT leadership perspective, it requires courage,” Koehler says. “When we entered [the pandemic], many of us had examples where we said, ‘Oh, that’ll never happen. Those call center agents can’t work from home.’ We had all these self-imposed boundaries that we thought we had to operate in.” The pandemic changed all that. “In a time of crisis, almost anything is possible. Moving forward, IT leadership has to figure out how to think more like that on a day-to-day basis.”

As organizations shift from retrenchment and triage to rebuilding, CIOs will focus on four key areas: reimagining the design of their organizations’ digital business; creating faster, more agile operating models; creating the blended workplace of the future; and engaging and unleashing talent to deliver these capabilities in the digital workplace.

The CIO as Builder of the Digital Organization

CIOs have an increasingly central role to play in their organizations as both operations and business models become more digital. The pandemic accentuated that, amplifying CIOs’ influence. This more expansive role is due, in part, to the fact that technology and data connect everything. But it also has to do with the CIO’s singular position in the enterprise. CIOs have a unique opportunity to drive change in the next normal.

“CIOs are building a muscle to take that end-to-end view of the enterprise that they have—to look up and out and anticipate where their industry is going,” says Dan Roberts, CEO of Ouellette & Associates, an IT talent development company, and author of Unleashing the Power of IT.

This view puts CIOs in a unique position to be the designers and builders of their future companies, asserts Toyota Financial Services’ Gupta. “The CIO role is no longer just a technologist role,” he says. “We’re the builders of the enterprise—the designers, the architects. We see the entire enterprise—every function—and we are the only ones who see this whole digital puzzle and how it fits together.”

The need for the CIO to provide an all-encompassing view is especially important for complex global companies, according to Equifax’s Koehler. “Each business leader is driven to go after a certain thing,” he says. “There are very few people besides the CEO who are responsible for making sure the whole thing comes together.” Technology is the glue that can provide that cohesion, says Koehler—whether from an internal IT or a new product perspective. “We enable those individual business leaders to be successful against their goals while it still comes together as a holistic picture.”

That’s not to suggest that the CIO is some superhero who is solely responsible for building the business of the future. “There needs to be a pervasive responsibility across every enterprise for owning digital and the transformation,” says Sabina Ewing, who recently transitioned from her position as CIO at Pfizer’s Upjohn division to become CIO at Abbott. “To the extent that the CIO can help the organization become more digitally savvy and recognize the ways in which they’re going to drive the business—that’s really important. But it’s not solely owned by IT. We can help guide the organization. It is more of a coaching role.”

Jim Swanson, CIO at Johnson & Johnson, believes deeply in this role of coach to accelerate the company’s digital strategy for the next normal. One indication that he’s succeeding is when his business partners have not only integrated technology into their business strategy, but they’ve also embedded it into their internal and external communications. For instance, “when we present the business strategy for consumer health, it has technology all throughout it—and even
better, it can be articulated by the leader of that business,” he says. “When business leaders are talking about technology as comfortably as they are talking about consumer growth or product innovation, then we’ve achieved the right balance. Everything should be customer-focused and deliver real and measured value.” Getting executive teams comfortable talking about technology creates a sense of ownership and mobilizes the organization, he says—something that is critical in this time of transformation. “When I talk about technology, I can move 5,000 IT people, but when our business leaders say it, we can move 130,000-plus employees.”

This infusion of IT savvy into the business has led to a variety of innovation projects across Johnson & Johnson, including helping the medical device business think about digital surgery as something that extends well beyond just the robotic arm that performs the surgery. Technology is “the connectivity glue” that enables the company to “link the right physicians with the right patients with the right procedures,” says Swanson. “Post-op, it can help the hospital provide the best care for the patient to ensure a healthy outcome.” However, this more expansive view of the “product” requires connecting into different hospital networks and different sources of data, including internet-of-things data, and providing physicians with training materials that are enabled by artificial intelligence (AI). It’s up to the CIO, in close partnership with business leaders, to “really drive an end-to-end view with the patient in mind.” CIOs who embrace this role will help their organizations thrive in the next normal.

Creating Faster, More Agile Operating Models

People’s needs and expectations shifted rapidly during the early months of the pandemic. That reality was true for customers, employees, leadership teams, and even regulatory bodies. Adapting meant operating in ways that could feel uncomfortable for CIOs and their business partners, without all the checks and balances of past practices. But it also was freeing. CIOs who were already using data-driven, agile, iterative methods expanded and turbo-charged those efforts to seize new opportunities or, in some cases, save the business.

Gupta’s ability to cut the timeline for Toyota Financial Services’ digital plans nearly in half is due in large part to what he calls “agile business capability digital factories.” This innovation is based on agile methods, the Toyota production system, and “a relentless focus on continuous improvement,” he says. Utilization of cloud is also essential. When the pandemic hit, Toyota Financial Services was able to accelerate the modernization of its call center routing system from a planned nine months to two weeks and move its entire service center staff to work effectively from home. Being in the cloud and using its agile factory approach also made it possible to launch a new private-label business at the height of the pandemic, rolling out Mazda Financial Services in seven months rather than the estimated 18. Covid-19 didn’t change their strategy, Gupta says, but it did reinforce the value of accelerating it.

Companies that were already well-established in the cloud certainly benefited from that during the shutdowns. Equifax decided a few years ago to go all-in on public cloud in order to increase its security, speed, and cost structure, according to CTO Koehler. “If we hadn’t already started that journey and started the cultural change, not just the technical change, the impact for us [during the pandemic] would have been much more dramatic than it was. It’s really been paying dividends for us now.”

The recognition that the future is uncertain puts an even higher premium on a more open, test-and-learn approach to new ventures, too. “I don’t think any of us can assume we know the answer to what things will be like three years from now,” says Johnson & Johnson’s Swanson. “We can’t afford to invest tens or hundreds of millions of dollars and hope we get it right, then at the end of three years find out we’re wrong.” That pragmatism doesn’t mean the organization isn’t future-focused. The idea is to imagine what the future looks like and then test and learn toward that, using proof points to either continue or quickly pivot based on new information, Swanson says. This approach creates flexibility and helps to “future-proof” the business.

“We applied this test-and-learn approach throughout the pandemic,” says Swanson. “In a short time, we had to reimagine our workplace environment, identify new ways to connect with customers, adjust and adapt our capabilities, support our supply chain to ensure lifesaving medicines can continue to reach our patients, and optimize our vaccine
not being inhibited by silos or hierarchy. “They did it, and they got it rolled out, and they lived another day,” Roberts says. Such experiences have made leadership teams across industries question why they don’t always do things this way. Many will in the future.

Thriving in an uncertain world also requires planning for the unexpected, to the extent that is possible. Being a global event, the pandemic affected many companies’ fail-over or backup plans. “CIOs need to be one step ahead and constantly think about what our business will need next and what could happen,” says Cynthia Stoddard, senior vice president and CIO at Adobe. “We need to experiment and have different plans on the shelf. We don’t know what’s coming, but we need to imagine, be prepared, and innovate.” Adobe is using a more distributed, virtual model for support going forward, enabling employees to get IT support from anywhere, and having a rotating roster of backup plans in place around the world to support critical services. They’re using AI and bots for the help desk, and more self-service—for example, having employees create their own desktop image when they get new equipment rather than having IT do it.

Blending Physical and Digital in the Future Workplace

The pandemic has made it clear that having more employees work from home is an extremely viable option, and that is shaping plans for the future. More than three-quarters of respondents to a recent survey from Harvard Business Review Analytic Services say they expect the amount of remote work at their organization to increase in the future from where it was prior to the shutdowns, with nearly a third (30%) expecting the increase to be significant.

Few CIOs know exactly what the blended physical/digital workplace will look like. Instead of trying to predict the future, they are trying new things to discover what works. “You can’t simply port what you did in the office to an online format,” says Abbott’s Ewing—particularly when it comes to the informal connections and collaborations that happen naturally around the coffee machine. “What are those things that build relationships and spark innovation” in an online collaboration environment?

At Pfizer, Ewing established multiple communications channels for her leadership team, including a channel where her direct reports could communicate with one another without her. “I was not a member of this channel, so they could discuss items before they came to me,” she says. This conduit was quicker than getting on a call, and it allowed everyone in the global IT organization to be connected and create community.

The CIOs at Johnson & Johnson, Toyota Financial Services, and Abbott use agile practices to design and build the

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**Four Key Values of Digital Culture**

**Speed:** Moving fast and iterating rather than waiting to have all the answers before acting.

**Impact:** Focusing on changing the world, not just making money.

**Openness:** Engaging broadly with people who have the right insights and sharing information with others rather than hoarding it.

**Autonomy:** Having freedom to work within broad guide rails, rather than controlling action through formal authorization processes.

Source: George Westerman, MIT Sloan School of Management
“We can’t afford to invest tens or hundreds of millions of dollars and hope we get it right, then at the end of three years find out we’re wrong,” says Jim Swanson, CIO at Johnson & Johnson. That pragmatism doesn’t mean the organization isn’t future-focused. The idea is to imagine what the future looks like and then test and learn toward that, using proof points to either continue or quickly pivot based on new information.
“We’ve learned a ton about what we can do virtually but we also know that the interaction and collaboration we’re building is important for this company’s success going forward. The new normal post-Covid will be a blend of both,” says Swanson.

Executives interviewed for this and other reports agree that remote work is well suited for individual productivity. Sixty-one percent of respondents to the Harvard Business Review Analytic Services survey say the quality of remote work is at least as good as that done in the physical workplace, and 78% say that productivity has either increased or stayed the same as a result of their investments in the digital workplace. But they also recognize that getting together in person has equally important benefits, such as innovation and building trust. “We’ve learned a ton about what we can do virtually,” says Swanson, “but we also know that the interaction and collaboration we’re building is important for this company’s success going forward. The new normal post-Covid will be a blend of both.”

At Johnson & Johnson, many employees in manufacturing, labs, and data centers continued working on-site through 2020 due to the nature of their roles. The company began bringing a small percentage of U.S. employees in other roles back to the office in the fall (earlier in some other geographies where infection rates were low). “We’re going to re-instill the importance of physical connectivity in a safe way,” says Swanson. Both Gupta and Swanson expect to test-and-learn their way to the right mix of remote and in-office work in the next normal.

Having everyone communicating through digital channels has exposed an opportunity to improve the future team environment at large global companies, erasing the distinction between those who are together in the conference room at headquarters and those who are dialing in. “Bringing that [digital] experience to the office is going to be really important,” says Mary Gendron, CIO at Qualcomm. “That interface actually equalizes the workforce, so you’re not alienating people just by the sheer construction of our traditional conference rooms.”

Gendron is recreating the in-office workspace to be a blend of physical and digital. Working in partnership with HR and facilities, her team is eliminating all wired connections, old audioconferencing technology, and desktop phones, with a one-button connection into the collaborative environment using Wi-Fi 6—the next generation of Wi-Fi—and other emerging technologies inside their buildings. This physical/digital format was rolled out initially in China, where people went back to the office first, and will continue to be refined and rolled out to the rest of the world as other offices come back online.

Adobe’s Stoddard formed an employee experience group within IT a few years ago to ensure a great employee experience across physical and digital workplaces. The group is responsible for “everything that touches the employee,” she says, including end points, collaboration tools, the design of conference rooms, etc., with different setups for different personas, from executives to engineers. Bringing these pieces together with one group to manage them “has paid off big time,” she says.

Unleashing Talent with Openness and Autonomy

Building a culture that embraces Westerman’s four values of speed, impact, openness, and autonomy means infusing those values in the people who work throughout the organization. “The talent component has been absolutely critical to the agility that we have in the organization,” says Curt Carver, CIO at the University of Alabama at Birmingham. “Agility is directly related to building trust. That means you have to empower people to make real decisions that are aligned with the intent. If I had tried to micromanage everything that we were trying to do during the [pandemic], I would have been fired in the first two weeks.” One example of delivering something at incredible speed: Carver’s team, working in close collaboration with external partners, launched an informatics platform for Covid-19 testing across the state of Alabama in three weeks. Carver calls this “moving at the speed of trust.” While building trust takes time initially, once it’s established, the organization can move much more quickly without the friction of second-guessing colleagues’ decisions.

While getting the technology experience right is critical to increasing productivity and ensuring a seamless working
experience, it must be backed up with new management practices, as well. Gupta says the blended workplace will change “the way we design, measure, manage, and motivate our teams, and how we practice empathy.”

Frontline managers proved to be a weak link during the pandemic, according to IT talent experts. The sudden, almost total shift to remote work “really showed the warts,” Roberts says. “It showed the lack of confidence among frontline managers; people didn’t know how to act.”

Organizations planning for more virtual and remote work in the future must learn from that supervisory lapse and provide coaching for less experienced managers who “can often micromanage work and don’t yet have the skills to listen and engage,” says Melissa Swift, global leader for workforce transformation at Korn Ferry.

“The supervisor plays a key role in enabling our employees to stay engaged and connected and productive,” says Mona Bates, CIO and vice president of digital technology at Raytheon Missiles and Defense, an Arizona-based defense contractor that produces missile defense systems and precision weapons. “That one-to-one engagement—and offering different kinds of flexibility to employees—are making a difference for us.”

Such engagement doesn’t happen as easily in the virtual setting, where people are less likely to just “drop by.” In the digital workplace, CIOs and their teams must be more intentional about engagement, says Brook Colangelo, CIO at Waters Corp., a $2.3 billion life sciences technology company. He started a practice he calls the “Covid five,” where the first five minutes of every meeting are reserved for talking about the things people would have talked about in the hallway. And he has been teaching his team the SCARF model, which assesses differences in people’s social motivation based on status, certainty, autonomy, relatedness, and fairness. While some people are more sensitive to status threat and rewards, others care more about having a sense of certainty, or whether they perceive situations to be fair. Satisfying people’s SCARF needs increases both performance and engagement, according to the NeuroLeadership Institute, a global research organization that applies neuroscience to leadership.

At the company level, Korn Ferry’s Swift emphasizes the importance of listening and feedback loops in order to understand how employees are feeling and what will help increase engagement. “It’s not about doing a yearly engagement survey,” she says. “It’s more, can you ask everybody one question once a week and then get the feedback and act on it in real time?” During the pandemic, Stoddard set up an online collaboration channel for people to share their issues, challenges, and tips specifically related to working from home. Communicating in this more open, real-time way will be commonplace in the future.

Listening to employees is a critical tool at Toyota Financial Services as they create the next normal. “We’ve been working very actively to be in front of our team members, getting

### 10 New Rules for the Next Normal

CIOs interviewed for this report offered these new rules for the next normal.

**Learn from the crisis.** The pandemic taught CIOs and their business colleagues that they could do much more than they thought possible. Now they must decide which of those new methods to carry forward.—CONSENSUS OF CIOS INTERVIEWED

**Don’t try to go back to the old normal** but move forward from where you are. Rethink everything based on this new reality. —KEVIN NEIFERT, THALES GROUP, AND BRYSON KOEHLER, EQUIFAX

**Shape the future.** Imagine what that looks like and then test and learn toward it, using proof points to either continue or quickly pivot based on new information. —JIM SWANSON, JOHNSON & JOHNSON

**Create a more distributed, virtual operating model** for IT to enable employees, using more automation and self-service. —CYNTHIA STODDARD, ADOBE

**Make sure the IT supply chain can flex in a crisis,** given the interdependency of many vendor ecosystems. —VIPIN GUPTA, TOYOTA FINANCIAL SERVICES

**Use responsive design,** piloting new solutions and maintaining a high degree of engagement and open communication with all stakeholders. —SABINA EWING, ABBOTT

**Bring the digital experience into the office.** The interface can help level the playing field between remote and in-office team members. —MARY GENDRON, QUALCOMM

**Embrace failure.** Experiment and be intentional about fostering an environment in which it’s okay to fail. That doesn’t mean employees have carte blanche to make reckless mistakes but reinforce that it’s okay to fail forward and learn from mistakes. —BRIAN BENN, ATLANTA HOUSING AUTHORITY

**Create organizational agility** by convincing all of your employees that they’re trusted agents of innovation and then build the culture around that. —CURT CARVER, UNIVERSITY OF ALABAMA AT BIRMINGHAM

**Be an educator and influencer** in the organization, helping business leaders embrace their own new roles as digital trailblazers and evangelists. —JIM SWANSON, JOHNSON & JOHNSON, AND SABINA EWING, ABBOTT
their feedback, doing surveys to continuously be in listening mode, and then adjusting how we are going to communicate with each other and manage performance and how we coach our managers to interact differently in the remote-enabled environment,” Gupta says. These skills will be important for many years to come as Toyota and other organizations adopt a blended workplace model.

Qualcomm’s Gendron believes the next normal will demand more authentic leadership from CIOs and other senior leaders, and the pandemic provided an opportunity to practice that. “I say that with a smile,” she says. “When your child or a dog walks into the room … that blend of home and office is going to happen, and that’s okay. We are who we are; we’re individuals. People who exhibit and behave with an authentic leadership style are the ones who are going to be successful in this new world.”

**Conclusion**

The next normal has arrived, and CIOs have a central and critical role to play in designing and building the organizations that will thrive in the new reality. It’s a multifaceted role that includes being technology leader, business innovation architect, digital evangelist, and coach. The practices CIOs have developed for agile, iterative technology development are being applied more broadly to what the company does and how it operates. Exciting opportunities abound, but those opportunities create some daunting expectations, too. New understanding about what’s possible on the part of customers, employees, and leadership teams means that many CIOs will face levels of demand they’ve never experienced before. They will use their uniquely broad view of the enterprise to reimagine the business and build faster, more flexible operating models to both anticipate and quickly respond to rapidly changing realities and customer expectations.

“We have tremendous opportunities across all aspects of our business” says Swanson, “from how we engage our customers digitally to developing platforms to improve patient outcomes to driving operational excellence through intelligent automation and data science.”

CIOs whose organizations were most negatively affected by the pandemic shutdowns are finding new ways to radically increase efficiency and flexibility through digitization, automation, and self-service. Whatever their situation, CIOs’ ability to meet the new demand will greatly influence their own organizations’ fate in the next normal. For his part, Swanson believes he and his business colleagues “can accelerate the company’s ability to advance human health pretty dramatically.”

The next normal will require courage from CIOs in order to move beyond the self-imposed limitations of the past.

“It’s an exciting time,” says Gendron. “We have to keep our eyes wide open and jump on opportunities as we see them arise. The worst thing you can be is locked down in your bunker and be defending your current investments or your current position; you’ll miss something. This is a pivot, not just for Qualcomm—this is a pivot for the world. We don’t know what we don’t know, but I’m really excited about the new opportunities as they present themselves.”

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**Endnotes**


ABOUT US

Harvard Business Review Analytic Services is an independent commercial research unit within Harvard Business Review Group, conducting research and comparative analysis on important management challenges and emerging business opportunities. Seeking to provide business intelligence and peer-group insight, each report is published based on the findings of original quantitative and/or qualitative research and analysis. Quantitative surveys are conducted with the HBR Advisory Council, HBR's global research panel, and qualitative research is conducted with senior business executives and subject matter experts from within and beyond the Harvard Business Review author community. Email us at hbranalyticservices@hbr.org.

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