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Overstock.com: The Perils of Being Too Accountable

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“Information is political. Controlling information can be power. Careers can be significantly impacted based on the perception of data results. People earn the living by simply being data creators. Failure to recognize these situations can be career limiting for the naive IS professional. Companies, departments, and individuals all have the potential to create different political structures to protect and control the management of their information assets.” (Finney)

The upper management role of a Chief Information Officer (CIO) is one that for the best chances of success requires a diverse skill set as well as many years of experience. A good CIO must encompass the skills and experience of a technical guru, a technology visionary, a skillful administrator, a bureaucrat, a consensus builder, and a politician. A CIO must not only steward an organization through an increasingly competitive and volatile marketplace but also politically safeguard the security of their employment from internal political challenges. In such an environment stellar reputations that have taken decades to build can be tarnished very quickly. As in the case of Overstock.com’s CIO, the “buck-stops-here” management approach which in other environments has been very successful was perceived as a political weakness at and exploited to the fullest extent by those who perceived the downfall of the CIO as an opportunity for professional advancement.

“It has been said that CIOs at large companies today have limited direct power and—more than almost any other C-level executive—need to push the IT/business agenda by persuasion and by maintaining good relations with other stakeholders.”
(Shuman)

Typically a seasoned CIO is a person who has been involved either at the development or managerial end of IT anywhere between 15-30 years. On paper the role and value of a good CIO may be quantified via a long series of managerial skills such as providing daily supervision to technical staff on operational activities, assisting in the development of the I.T. strategic direction, driving the corporate technology initiatives, identifying areas of opportunity within the technology area to improve efficiencies, assessing training needs for staff, maximizing the use of existing technology, managing the IT capital budget, working with vendors on national purchasing agreements to deal with all aspects of full-life-cycle product implementation, managing hardware-software assets, developing opportunities for added services to clients, establishing service level agreements with end users, and identifying opportunities for the appropriate cost effective investment of financial resources in the IT department.

“Politics is the art of the feasible. When policy pronouncements vacillate between conflicting agendas, management must be supremely skillful or it will surely fail to carry out its responsibilities. Politics is also the art of dealing with realities that contradict lofty policy pronouncements.” **(Strassman)**



On paper the business world seems to be a results-oriented quasi-scientific straight forward endeavor given that all a company's resources are aimed towards gaining customers, increasing market share, generating revenues, and most importantly making money. Even though results understood as profits are at the base of corporate decision making it is safe to say that there is a degree to which every company is influenced strategically by the perception they have of themselves. Some companies like Microsoft try to keep this tendency in check by promoting a fiercely auto-critical and anti-hype corporate culture. Leaving obvious fraudulent cases like Enron aside, other companies like Apple spent the latter part of the 1980's promoting a quasi-cultish following regarding the superior product quality of their computers thus letting product myopic thinking distract them from their massive loss of market share in the PC market.

Perception has a strong influence on reality and vice-versa. Consumers and investors are not always logical, are prone to follow fads, reject high value propositions, and perhaps seek out those same opportunities years later at a disadvantage. That makes it extremely difficult if not impossible to accurately predict what will sell in the business world. Within most companies, employees from all departments are involved in contributing input in an attempt to impact departmental and overall corporate strategy based on their perceptions of what will be the most successful in satisfying their perception of the customer's perception of their needs.

In such environments there will undoubtedly be episodes where managers will try to advance by doing whatever they can to push their initiatives in a way that their positive perception within the company will increase. In so doing they know that they will need to build consensus behind their ideas which will require them to make compromises with other managers. In order to do so they must be able to understand the hidden agenda's of other managers and tailor their communication to best achieve that. They must understand when to make themselves visible so as to garner the appropriate amount of positive attention and when to keep a lower profile so as to avoid being scapegoated if a need for one should arise.

How a company organizes information is viewed as integral determinant of overall success or lack thereof. Even though a first rate IT infrastructure is no substitute for an in demand product or service many organizational cultures associate their perceived IT performance with that of their overall organization. One of the reasons this happens is that technology is viewed by many as the driving force behind innovation. It is not uncommon within large organizations for disparate department managers to attempt to exert influence over IT departments and CIOs in an attempt to leverage technology within the organization to their department's advantage not to mention cultivate their appearance as innovating managers.

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“Technology veterans are, by nature, pessimistic. Present any detailed plan to an engineer and the engineer will quickly project every way it could glitch and start figuring out ways to prevent that glitch. CEOs, COOs and CMOs (chief marketing officers) are the opposite. In the same way the CIO can be considered the ultimate programmer (the best programmer would care about business objectives and design accordingly), the CEO, COO and CMO are the ultimate salespeople. A good salesperson is genetically disposed to optimism in the same way that a good programmer is disposed to pessimism.” (Shuman)

A CIO is usually one of the most visible executive managers within a corporation. Part of the reason for that is functional whereby IT interfaces and acts as an umbrella to all other operational departments. Another reason is mostly psychological given that a lot of department managers will try to leverage the IT department to drive technology to benefit their operations or at least to cultivate the appearance of the latter happening. Therefore, a CIO aside from being an effective technical administrator, which sometimes implies that a significant part of their career was spent working with or close to technology, must also be a smooth political administrator. It is necessary for them to cultivate their appearance by knowing when to take credit for corporate successes and when to duck. They must be able to broker power between different departments thereby modifying their language to communicate effectively with marketing, sales, finance, QA, IT, customer service, and most importantly the CEO. They must avoid making enemies with other department heads. Even when they do not wish to follow other department head advice regarding IT matters because deemed detrimental to overall operations they must make them feel that they are commit their agenda. CIOs must drive information and get the rest of the organization to react to their vision and not vice-versa.

Overstock.com's CIO appears naive in his taking full responsibility for an IT system infrastructure whose foundation was around long before his arrival. In so doing he made himself into an easy target thereby shattering his image among all department heads rendering him ineffective as a corporate communicator. He failed to realize that just like any politician he needed to find a balance between commitment to the success of his organization and self preservation.

Rather than announcing his mea culpa he should have coordinated with the department heads and the CIO with a technology plan that came closest as possible to making everybody happy. He then should have spent the following weeks campaigning his plan to separate departments each time spinning it in a direction according to their liking.

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