

# Gerben Otter Talking CIO Trends

"The benefit from an IT services background is that you are trained to think commercially"

5 years ago Pearle/Grandvision was looking for a new CIO who could centralise the internationally fragmented Grandvision organisation. We met Gerben Otter, then CIO at the adidas-Group in Germany. Soon after the introduction Gerben was hired. After almost 3 years Gerben moved to FrieslandCampina as CIO. FrieslandCampina is a world player in the dairy market with 11.4 billion euro turnover last year. Recently we caught up with Gerben to reflect on his career to date:

Your career started at IT suppliers like Bull, Getronics and Unisys. How did you manage to jump to the other side of the table into a global CIO role at adidas in 2000?

Let me be honest, the move from being a supplier to end-responsible as CIO, was big. The final interview was with Herbert Hainer, then Deputy Chairman and now Chairman of the Executive Board of adidas. It was 1999, between Christmas and New Year and I was very enthusiastic about adidas and wanted to be part of the organisation. In the final interview with Herbert I focussed on impressing him with the knowledge I had, but I later heard Herbert had found that part quite boring. He was however triggered when I started to ask him about the business challenges of adidas. That was an important lesson: CEO's and CFO's think they are looking for an IT profile when searching for a CIO, but actually they expect a 'business problem solver'.

The benefit from an IT services background is that you are trained to think commercially, the downside is you are not used to making your own choices. In the beginning at adidas, I really thought too much as an IT supplier. I wanted to execute what the business asked me to do, but that is the wrong attitude for a CIO. At adidas the board did not set IT priorities and I felt very lost. It took a few months to learn that the board has their own business-priorities and I, as CIO, needed to decide how to contribute to make these business objectives happen: i.e translating business objectives in IT priorities. That was a tough change as I felt like I was operating in a vacuum; my boss did not tell me what to do, in the beginning I had no clue!

Adidas hired me in 2000 because they wanted to reduce the IT costs and were seriously considering stopping the SAP roll-out that was going on. The way I got traction was first to inform myself. I went to Reebok (later adidas acquired Reebok) and to Nike. I learnt that Nike, THE main competitor of adidas spent significantly more on IT: adidas spent 2% of turnover, Nike 2.8% Nike and Reebok both were involved in the same SAP rollout like adidas. This and other data gave me direction; first I had to build credibility that IT simply works, but at the same time you need to get involved before the business plans are set in stone. At the time the book "The New CIO Leader: Setting the Agenda and Delivering Results" influenced me quite a bit, "leadership is built on

credibility, you need to do what you are promising". But although the basics of IT need to work, that's only the start. The focus should be the business. Focus on what the business wants to achieve.

So in conclusion at my time at adidas I did the opposite of what they hired me for: I centralized the IT, grew the IT spend and pushed ahead with SAP roll out. Adidas was happy with this because it was aligned with their business objectives.





There is a lot of talk that the CIO position might become less important as large parts of the IT spend will move outside the CIO office, Gartner expects 90% of technology spend could be outside IT by 2020. What is your view on this?

I do accept that other parts of the organisation other than the CIO office will increase their technology spend. But over the last 20 years many times it was predicted the CIO office would vanish, it never did. The fact is there needs to be a coordination point, in the future the role might be called something different but efficient companies will have a person who can bring together different technology initiatives.

You moved from being CIO at FrieslandCampina to Head of the Summit Program at the same company, why did you make that choice?

Let me first explain the Summit Program- it's FrieslandCampina's global, multi-year program to standardize business processes and systems. The program consists of three projects: Backbone- this project is designed to provide a future-proof template for the increasing transactional processes and systems. Secondly MOMS (Manufacturing Operations Management Systems) that's logistics, warehousing, planning, production and quality. And finally Sales & Operations Planning (S&OP) -aimed at optimizing the balance between sales and production.

Summit is our largest business transformation program. Summit is very business oriented and enables the company to act as one, therefore it is an initiative to reinvigorate the whole company and is therefore super exciting and important for FrieslandCampina. My choice to be leading Summit was easy: the future of FrieslandCampina is created in this program and its fantastic to be involved in this.

There is a lot of unrest in the CIO domain, CIO's get fired, move on shortly after joining, why do you think this is?

There are two sides of every story, the CIO might not be handling their roles and expectations well and at the same time companies might not have the right expectation nor the right set-up to make the CIO role successful.

The current mantra at most companies is that IT needs to cut costs; if that's the only thing you can offer as CIO, you're in a dreadful set-up. A respected CIO is the one that is connected to the business and generates money for the company. With being business focussed I specifically don't mean the CFO, you need to be where the money is made, not where it is monitored. The best CIO is able to make the business want to spend more on IT, as its fully aligned in generating more money for the business. Manoeuvring into a set-up that you can contribute to growth is not straightforward and the company needs to give you some support too.

Look at my start at adidas, my

predecessor was asked to drop IT spend and stop SAP. I did the opposite and got credit for it. Companies often ask for an IT expert but really expect a business person as a CIO. A lot of CIO's are hired to reduce costs and improve performance- that's an unlikely setup for success as technology could really be driving success at most businesses. So in conclusion companies who struggle with the CIO role should have a critical look at themselves and (potential) CIO's must review their attitude.

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