

BEYOND THE HYPE

Surviving the technology hangover — leadership lessons from the dot-com collapse

A Practitioner's Perspective on Rebuilding Credibility After the Bubble



Giovanni Leonardi

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1. The Credibility Problem

Fourteen months ago, the chief information officer was the most important person in the building. Every board meeting featured a technology strategy update. Every annual report contained language about internet-enabled business models and digital value creation. The CIO — or in many organisations the newly created chief e-commerce officer, chief digital officer, or head of internet strategy — had the ear of the chief executive and an effectively unlimited budget.

That era is over. The Nasdaq has fallen more than sixty per cent from its peak. The poster children of the new economy — Boo.com, Pets.com, Webvan, eToys, Kozmo.com — have collapsed. The joint ventures and equity stakes that large corporations took in internet start-ups have been written down to zero. And the internal e-commerce platforms, customer portals, and online trading systems that were commissioned with such urgency eighteen months ago are, in many cases, half-built, over-budget, and delivering a fraction of the traffic that was projected.

The technology leaders who championed these investments are still in their posts — most of them. But the relationship with the board has changed fundamentally. Where there was enthusiasm, there is now scepticism. Where there was trust, there is scrutiny. Where there was a willingness to invest ahead of proven returns, there is now an insistence on evidence before expenditure.

The CIO who promised the board that e-commerce would transform the business is now the same person asking for money to keep the lights on — and the board remembers.

This is not simply a budget problem, though budgets have been slashed severely across every sector. It is a leadership problem. The technology function's authority rested on a narrative — that technology was the primary driver of competitive advantage, that the internet was reshaping every industry, that organisations that did not invest aggressively would be left behind. That narrative was not wrong in its essentials. But it was used to justify investments that were speculative, poorly governed, and in some cases entirely disconnected from the organisation's actual capabilities.

The question facing technology leaders now is not how to get the budget back. It is how to rebuild the trust that makes any budget meaningful.

2. How We Got Here

It is worth being honest about what happened, because the temptation to rewrite history is already strong. The conventional narrative — that the market went mad, that irrational exuberance (to borrow Chairman Greenspan's phrase from 1996) swept everyone along, that nobody could have known — is too convenient. It absolves everyone and teaches nothing.

The truth is more uncomfortable. Technology leaders were not passive victims of market mania. Many actively promoted the urgency, overstated the readiness, and suppressed the risks.

2.1 The Urgency Inflation

The language of the late 1990s was deliberately apocalyptic. "Disrupt or be disrupted." "The internet changes everything." "In five years, every company will be an internet company or it won't be a company at all." These were not the slogans of dot-com start-ups alone — they were the talking points of CIOs presenting to their boards, of management consultants selling transformation programmes, of technology vendors positioning their products.

The effect was to create a sense of existential urgency that bypassed normal governance. When the choice is framed as "invest now or die," the board does not ask for a rigorous business case. It asks how fast the money can be deployed. Technology leaders who understood this dynamic — and most did — used it to accelerate approvals, expand scope, and secure resources that would never have been granted under normal scrutiny.

2.2 The Capability Gap

The investments that were approved during the boom frequently exceeded the organisation's ability to deliver them. Large-scale e-commerce platforms were commissioned by organisations that had never built a consumer-facing web application. Customer relationship management systems were purchased by companies that had no data integration capability and no clear definition of what a "customer relationship" meant in operational terms. Enterprise resource planning rollouts — many of which predated the internet boom and were already in difficulty — were further complicated by demands to bolt on web-facing interfaces that the original architecture was never designed to support.

Technology leaders knew that the delivery capability was not there. Some said so privately. Very few said so publicly, because to raise doubts about delivery capacity was to risk being replaced by someone who would not raise doubts. The result was a systematic overcommitment: more initiatives approved than the organisation could competently execute, with the inevitable consequences in cost overruns, delays, and outright failures.

2.3 The Governance Vacuum

The governance frameworks that existed — and in many organisations, they were already weak — were actively dismantled during the boom. Stage-gate reviews were seen as bureaucratic obstacles to speed. Business cases were simplified to the point of meaninglessness. Post-implementation reviews, which might have caught early failures before they consumed more resources, were deferred or cancelled because nobody wanted to hear bad news.

“We dismantled the governance that would have saved us, because governance was slow and the market was fast. Now we are rebuilding it from scratch, in a hurry, with less money and less trust.”

The board's willingness to suspend normal oversight was genuine — they believed, as everyone believed, that speed was more important than rigour. But it was the technology function that encouraged and enabled that suspension. Owning that fact is the first step toward rebuilding credibility.

3. The Recovery Traps

The natural response to a credibility crisis is to over-correct. Technology leaders are now falling into three traps that feel like recovery but are actually compounding the problem.

3.1 Trap One — Retreat to Infrastructure

The safest position for a technology leader under fire is to become invisible. Stop talking about strategy. Stop proposing new initiatives. Focus entirely on keeping existing systems running reliably and reducing costs. This is the path of least resistance, and many CIOs are taking it.

The problem is that it confirms the board's worst suspicion: that the technology function is a cost centre, not a strategic capability. A CIO who retreats to infrastructure management is trading short-term survival for long-term irrelevance. When the next wave of technology-driven opportunity arrives — and it will — the organisation will look elsewhere for leadership, because the CIO will have spent two years demonstrating that all they can do is keep the servers running.

3.2 Trap Two — Governance Theatre

The opposite of dismantling governance is drowning in it. Some organisations have responded to the crisis by creating elaborate new approval processes, review committees, and reporting requirements for every technology initiative, no matter how small. The intention is to demonstrate rigour. The effect is to create a bureaucratic apparatus that slows everything down without improving decision quality.

Good governance is not the same as more governance. A stage-gate review that asks the right questions at the right moments is valuable. A twelve-step approval process that requires twenty signatures for a project under fifty thousand pounds is not governance — it is theatre. It creates the appearance of control while actually preventing the organisation from doing useful work.

3.3 Trap Three — The Blame Narrative

Some technology leaders are attempting to distance themselves from the boom-era decisions by constructing a narrative in which the business forced them to invest, the market misled everyone, and the technology function was simply executing instructions. This is rarely credible and never effective. The board was in the room. They remember who was enthusiastic and who was cautious. Attempting to rewrite that history damages

trust further.

The more effective approach — though it requires courage — is to own the mistakes plainly. "We invested too aggressively in unproven channels. The governance was too weak. The business cases were not rigorous enough. Here is what we have learned, and here is how we propose to invest differently going forward." This is uncomfortable. It is also the only foundation on which trust can be rebuilt.

4. What Recovery Actually Looks Like

The technology leaders who will emerge from this period with their authority intact — and there will be some — are doing something different from all three traps. They are rebuilding credibility through a specific set of behaviours that can be observed across the organisations that are handling this transition best.

4.1 Radical Transparency on the Current State

The first behaviour is telling the truth about the portfolio. Not the optimistic status reports that characterised the boom years, but an honest accounting: which initiatives are delivering value, which are not, which should be stopped, and what the true cost of the technology estate is, including the technical debt accumulated during the rush to build.

This is painful, because the picture is usually worse than anyone wants to hear. But it establishes something that no amount of good news can provide: the board's confidence that they are hearing the truth. A CIO who delivers bad news honestly is more trusted than one who delivers good news selectively.

4.2 Connecting Technology to Business Outcomes

The second behaviour is shifting the conversation from technology capability to business outcome. During the boom, the selling point was the technology itself — we need a web platform, we need CRM, we need an e-commerce engine. The assumption was that the business value would follow automatically from the technology deployment.

That assumption has been comprehensively disproved. The recovery conversation must work in the opposite direction: what business outcome are we trying to achieve, and what is the minimum technology investment required to achieve it? This is not a new idea — it has been the theory of IT alignment since the early 1990s. But the boom bypassed it entirely, and it needs to be reinstated as the basis for every investment decision.

4.3 Delivering Small Wins Visibly

The third behaviour is the most practical. Trust is rebuilt through demonstrated competence, not through strategy presentations. The technology leaders who are recovering fastest are identifying small, visible, low-risk initiatives that can be delivered quickly and that produce measurable business benefit. Not transformational programmes — those are politically impossible right now. Incremental improvements to existing systems, process automation projects, data quality initiatives that reduce operational cost. Work that can be completed in weeks, not years, and that produces results the board can see.

The cumulative effect of a series of small, successful deliveries is more powerful than any strategic vision document. It re-establishes the basic proposition that the technology

function can be trusted to spend money wisely and deliver what it promises.

5. The Leadership Lesson

The dot-com collapse is a technology story on the surface. Underneath, it is a leadership story. The technology was not the problem — the internet is real, e-commerce is real, the competitive dynamics that the boom anticipated were and remain real. The problem was the quality of decision-making, the absence of governance, and the willingness of technology leaders to promote a narrative they knew was running ahead of their organisation's ability to deliver.

The leaders who will thrive in the years ahead are not those who pick the right technologies. They are the ones who rebuild the trust necessary to make any technology investment decision credible. That trust is not rebuilt by better PowerPoint presentations or more sophisticated business cases. It is rebuilt by telling the truth, delivering on promises, and having the courage to say "we were wrong" before saying "here is what we will do differently."

The hangover is real, and it will last longer than anyone wants. But hangovers end. The question is what kind of leadership emerges on the other side.