

CIO Leadership Diagnostic

A Pathway to Best-in-Class Performance



CIO Leadership Diagnostic

Overview

Technology is having a dramatic impact on the efficiency, effectiveness and performance of companies globally. Having an outstanding chief information officer (CIO) who is successfully driving a compelling technology agenda while developing the next generation of information technology (I/T) leaders can help a company achieve long-term competitive advantage.

While CIOs each possess different skills and experiences, the world's leading CIOs share a common set of characteristics that distinguish them as best in class. Russell Reynolds Associates in partnership with Cambria Consulting, a thought leader in corporate competency analysis, has developed a diagnostic framework for assessing CIOs. Based on interviews Russell Reynolds Associates has performed with more than 10,000 CIOs during the past ten years, the framework's best-in-class characteristics fall into two areas:

Knowledge and Experience

The following "hard skills" are achieved through work assignments and educational training:

- Industry Knowledge
- Functional Knowledge
- Technical Aptitude
- Scope and Scale
- Geographic Responsibility (domestic, continental, global)

Personal and Performance Competencies

The following "soft skills" are achieved through situational experiences and organized into the following four leadership groupings:

- Strategy
- Team Leadership
- Execution
- Influence

Knowledge and Experience

Ninety percent of CIOs spend their entire career in one of two "super industry" categories from which they acquire their technical and industry knowledge.

Product-Oriented Industries

Examples:

- Industrial Manufacturers
- Technology
- Consumer Packaged Goods
- Pharmaceuticals

Environment:

- Lean Manufacturing
- Supply Chain Efficiency
- Global Collaboration
- Engineer – Manufacture – Deliver



Service-Oriented Industries

Examples:

- Financial Services
- Business Services
- Retail, Telecommunications
- Transportation, Airlines
- Media and Entertainment

Environment:

- High Transaction
- High Availability
- Design – Build – Deliver



In a few instances, CIOs have transitioned between "super industry" categories:

- CIO, Emerson Electric to CIO, Fifth Third Bank
- VP I/T, Hewlett-Packard to CIO, OfficeMax
- CIO, Ford Motor Company to CIO, Citigroup
- North America CIO, General Motors to CIO, DHL
- CIO, MCI to CIO, Lucent Technologies

Personal and Performance Competencies

Independent of industry knowledge and experience, the top CIOs all share strengths in the below 10 competency areas arranged into four leadership groupings.

Strategy

Establishing Vision and Direction

- Acts in advance of the market to position the I/T organization for the future.
- Creates an I/T vision for the future that reflects his/her understanding of the changing marketplace and the way I/T can create competitive advantage.

Strategic Thinking

- Regularly re-thinks the value chain in order to make the value I/T provides more compelling.
- Grasps the complexities of the business and seizes opportunities for productivity improvement not identified by others.
- Understands what competitors are building towards and how they are using technology as a competitive advantage.

Team Leadership

Creating a High-Performance Climate

- Creates clear points of accountability and ownership on I/T projects.
- Champions new ideas that promise significant opportunities for improvement, regardless of their source.
- Publicly celebrates the achievement of key milestones, recognizes all who contributed.

Building Talent

- Sponsors people for challenging first-time assignments to prepare them for broader roles.
- Asks incisive questions and provides cutting-edge information that challenges others to think about situations in new ways.

Execution

Data Driven

- Gathers first-hand information on people and processes throughout the organization.
- Keeps up to date with leading edge developments in technology and the industry.
- Gathers candid intelligence on competitors and how they leverage technology to their benefit.

Results Oriented

- Mobilizes people by inspiring a sense of urgency and by providing clear direction.
- Keeps business objectives in mind when making resource and capital allocation decisions.
- Establishes management and financial reporting systems to track expenses and ensure that milestones and schedules are met.
- Justifies I/T investments with a compelling business case.

Decision-Making

- Makes tough decisions when needed.
- Is able to make decisions under conditions of high uncertainty/ambiguity.
- Replaces under-performers.

Influence

Organizational Influence

- Involves and gains commitment of key stakeholders early.
- Convinces critical business constituents to sponsor significant enterprise system implementations. Projects driven purely by I/T have a high failure rate.
- Pushes new enterprise system implementations to be accompanied by business process reengineering to help the organization maximize the benefits of the new system.

Communication

- Makes the complex simple. Uses analogies/examples to communicate I/T and business process improvement initiatives.
- Helps educate senior management on how technology can create or extend competitive advantage.
- Helps educate the I/T organization on the business to develop the most effective solutions to address business issues.

Prioritization/Negotiation

- Creates an effective I/T governance model allowing the business to weigh in on which projects get funded.
- Effective at finding “win-win” solutions internally and externally with outside service providers including vendors, outsourcers, etc.

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Nature vs. Nurture

A common belief in leadership development is that “Leaders are born, not made.” However, Shakespeare posited a more optimistic outlook: “Some (individuals) are born great, some achieve greatness, and some have greatness thrust upon them.”

Knowledge and Experience is typically enhanced through “stretch” assignments where an individual is given broader responsibility and authority.

Personal and Performance Competencies are best honed through mentorship. Early in their careers, I/T managers and directors look to sitting CIOs as examples of how to model their behavior. Later in the CIO’s career, the mentor often transitions to either a peer functional executive, general manager or the CEO. The experiences gained through mentoring relationships have the greatest impact on the development of critical competencies.

The Next Generation of CIOs

One of the obligations of being a world-class CIO is to build the next generation of I/T leadership. Serving as a mentor to another executive requires a unique chemistry to exist between the two individuals prior to formalizing the mentor-mentee relationship. Over time, the mentor can help the mentee recognize his/her strengths and shortcomings against the ten critical competencies and provide opportunities to sharpen his/her skills. Both successes and failures are important in helping an individual to learn and grow.

Moving Beyond the CIO Role

Many successful CIOs are interested in moving into general management positions over time. While this is an ambition shared by many corporate functional leaders, only within the past five years have we seen greater evidence of CIOs transitioning into general management roles including president, chief operating officer and CEO.

A few notable examples include:

- The CIO of Alcoa was promoted to President, Europe
- The CIO of Charles Schwab was recruited to CEO of Drugstore.com
- The CIO of Compaq was promoted to Chief Executive Officer
- The CIO of eBay was promoted to Chief Operating Officer
- The CIO of Mattel was recruited to COO of New Century Financial
- The CTO of New York Stock Exchange was recruited to President/COO of Ingres
- The CIO of Royal Bank of Canada was promoted to Vice Chairman

Here are a few observations about the CIO to General Management transition:

- **Internal Promotion:** In most cases, the CIO is promoted from within the organization in recognition of his/her contributions and leadership capabilities. The CIO’s positive reputation and relationship with executives on the leadership team help to improve the odds of success.
- **External Promotion:** In fewer cases, CIOs are actively sought out for sitting general management roles. History has shown that the CIOs who follow this path typically join organizations much smaller in size.

About Russell Reynolds Associates

Russell Reynolds Associates is the most trusted name in global executive search and assessment. Through a global network of 37 wholly owned offices, the firm’s more than 275 professionals conduct senior-level search and assessment assignments in a range of industries for public and private organizations of all sizes. With its one-firm culture, deep knowledge of major industries and unwavering commitment to client service, Russell Reynolds Associates is uniquely qualified to help clients find the best leaders. The firm’s web site is www.russellreynolds.com.

George Klemp

George Klemp is a founding partner and the president of Cambria Consulting, a Boston-based resource consultancy specializing in strategic talent management and organizational assessment. His 30 years of experience span engagements in a wide range of industries, with emphasis on financial services, manufacturing, consumer products and technology companies.