

EMERGING FROM THE SHADOWS – *can CIOs become CEOs?*

January 2004

Over the next five years a new breed of CIO will move into key corporate positions and will be more likely to take on CEO roles according to a new report. *Sense and Sensitivities: IT Leadership in Practice*, conducted by CIO Connect and Spencer Stuart in association with HP, follows a spate of doom and gloom studies predicting the demise of the CIO role and reveals the strategies, attributes and attitude needed to make it to the top. Currently not a single CEO in the FTSE 100 has an IT background.

The report reveals how some top CIOs have identified integration as the key to bridging the persistent divide between IT and the business rather than focusing on the once holy grail of IT-business alignment. The new breed of CIOs is identified as “Turnaround Champions” and “Business Innovators”. The report indicates that as the scale of the responsibilities and the scope of the CIO role increases, the characteristics of successful CIOs will become similar to those of successful CEOs.

“A good CIO understands how to knit the technology into the fabric of the organisation.”

John Handby, chief executive of CIO Connect, a forum for senior IT executives in the UK, says: “Aligning IT with the business is perhaps the oldest preoccupation of senior IT managers. For some 20 years or more, survey after survey has shown IT-business alignment as being among the top concerns of IT management. Both business and IT management now need to focus on integration. In practice, this is easier said than done, but the lessons that emerge from this study identify where it is already happening. Integration is not a nice to have or an action on a to-do list, it is crucial and takes a fundamental rethink about behaviour, style and focus.”

The report identifies the following actions for achieving IT leadership in practice:

1) Elevating the argument from technology:

The “I” in CIO stands for information and not technology. Where the CEO is enlightened about the possibilities that technology offers – and the CIO is able to contribute at the top level – bridging, even obliterating, the traditional divide between business and IT becomes a real possibility.

2) Steering and managing business (not IT) projects:

In companies where IT is seen as a strategic, competitive tool, IT projects as standalone activities cease to exist and the main thrust becomes one of moving the company forward through a series of business projects.

3) Overcoming senior managers’ scepticism of technology:

The key is to capture their imagination first, by focusing on issues that are closer to their hearts than IT. The main business motivators that command the attention of CEOs are much more related to innovation and unique products or services than technology.

4) Adopting the right communication style:

What’s important is to recognise both your own style and that of others, to ensure that the dialogue is effective and takes things forward.

5) Living up to the hierarchy of management expectations:

CIOs who achieve a higher profile for IT within the business tend to be those who recognise that the business has a hierarchy of needs, each level of which needs to be satisfied before the business is ready to move up to the next level. In other words, CIOs should base priorities on the demands of the business, not the needs of the IT function.

6) Running the shop reliably:

The basic credibility of any CIO lies with managing the IT systems of the company reliably. It is far from ideal to say that the future success of the business depends on IT in order to raise the profile of IT, only to then witness a succession of disruptive or even catastrophic system failures.

7) Understanding the power map of the organisation:

Too often CIOs see their responsibility as being primarily upwards, towards top management, and downwards, to their staff. The sideways relationship with other business managers is often perceived to be neglected.

8) Leading business process and product innovation:

A good track record and constructive relationships with all parts of the business open up huge new opportunities for CIOs. In fact, once the business recognises the opportunities that exist through IT, and respects the IT department, the floodgates may start to open.

Hugh Barton, Hewlett-Packard, says: "The report findings certainly back up what we are hearing from the CIOs we work with, i.e. the ultimate state of fitness today is business and IT perfectly synchronised. We know that technology should be and can be understood in terms of the return it delivers to every business person and the idea that IT projects are out and business projects in, certainly rings true. Technology-only conversations are long gone. CIOs

today are focused on driving competitive advantage, reducing costs and mitigating risk."

Francis Wilkin, senior director, Spencer Stuart says: "A good CIO doesn't just understand IT, but understands how to knit the technology into the fabric of the organisation. You need somebody who can think strategically, who has vision and who understands the length and breadth of the business, so they are spotting where it is that IT can be applied to achieve a business advantage."

Recent scandals have put the spotlight on business governance and, by extension, on IT governance. The right IT governance structures, processes and methods need to be considered to help demonstrate business value, but feedback from CIOs suggests that pure IT governance tools are simply not enough. Joint responsibility and the need for a multi-functional perspective are seen as vital if IT is to be integrated within the business. Most CIOs agree that there is no quick fix to measure IT performance: governance tools and methods, such as balanced scorecard, benchmarking, ITIL and Six Sigma should not be viewed as providing all the answers.

The new report comes 10 years after Michael Earl, a professor at the London Business School, set out to compile a survival kit for what many acknowledged then as the toughest job in a company, that of CIO. The top five competences identified for survival were relationship building with peers; successful CEO relationship; shared IT vision; sensitivity and credibility.

If you would like to discuss the findings of *Sense and Sensitivities: IT Leadership in Practice*, and its implications for IT management recruiting, please contact Francis Wilkin on 020 7298 3333.

About Spencer Stuart

Founded in 1956, Spencer Stuart is a leading management consulting firm specialising in senior-level executive search and board director appointments. With 52 offices in 25 countries, the firm is staffed by more than 300 consultants worldwide and organised in industry practices that meet client recruitment needs in different business sectors. Spencer Stuart conducts more than 4,500 senior-level searches annually for clients ranging from the FTSE 100, to mid-cap, to emerging growth companies across a broad range of industries and sectors.

The IT Management Practice, headed in Europe by Dr Francis Wilkin, comprises a group of functional specialists (most of them former IT practitioners), recruiting CIOs and senior IT managers across all industry sectors.

To order copies of *Sense and Sensitivities: IT Leadership in Practice*, please contact Francis Wilkin by email at fwilkin@spencerstuart.com.

For more information about Spencer Stuart please visit www.spencerstuart.com.