

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

CIO Leadership Diagnostic

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.

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

Leadership. In today's global business environment, success is driven by the talent, vision and leadership capabilities of senior executives.

Russell Reynolds Associates is a leading global executive search and assessment firm with more than 300 consultants based in 39 offices worldwide. Our consultants work closely with public and private organizations to identify, assess and recruit senior executives and board members to drive long-term growth and success. We value teamwork, serving our clients with a collaborative approach that spans our international network of sector and functional experts.

Our in depth knowledge of major industries and our clients' specific business challenges, combined with our understanding of who and what makes an effective leader ensure that our clients secure the best leadership teams for the ongoing success of their businesses. For more information, please visit us at www.russellreynolds.com.

Americas

Atlanta

1180 Peachtree St., NE
Suite 2250
Atlanta, GA 30309-3521
United States of America
Tel: +1-404-577-3000

Boston

One Federal Street
25th Floor
Boston, MA 02110-1007
United States of America
Tel: +1-617-523-1111

Buenos Aires

Buenos Aires Plaza
Manuela Sáenz 323
Seventh Floor, Suites 14 and 15
C1107CBP Buenos Aires
Argentina
Tel: +54-11-4118-8900

Chicago

200 South Wacker Drive
Suite 2900
Chicago, IL 60606-5802
United States of America
Tel: +1-312-993-9696

Dallas

8401 N. Central Expressway
Suite 650
Dallas, TX 75225-4404
United States of America
Tel: +1-214-220-2033

Houston

600 Travis Street
Suite 2200
Houston, TX 77002-2901
United States of America
Tel: +1-713-754-5995

Los Angeles

11100 Santa Monica Blvd.
Suite 350
Los Angeles, CA 90025-3384
United States of America
Tel: +1-310-775-8940

Menlo Park

2500 Sand Hill Road
Suite 105
Menlo Park, CA 94025-7015
United States of America
Tel: +1-650-233-2400

Mexico City

Torre Reforma
Paseo de la Reforma
115-1502
Lomas de Chapultepec
11000 México, D.F.
México
Tel: +52-55-5249-5130

Minneapolis/St. Paul

225 South Sixth Street
Suite 2550
Minneapolis, MN 55402-3900
United States of America
Tel: +1-612-332-6966

New York

200 Park Avenue
Suite 2300
New York, NY 10166-0002
United States of America
Tel: +1-212-351-2000

San Francisco

101 California Street
Suite 2900
San Francisco, CA 94111-5829
United States of America
Tel: +1-415-352-3300

São Paulo

Edifício Eldorado Business Tower
Av. Nações Unidas, 8501
11º Andar
05425-070 São Paulo - SP
Brazil
Tel: +55-11-3566-2400

Stamford

301 Tresser Boulevard
Suite 1210
Stamford, CT 06901-3250
United States of America
Tel: +1-203-905-3341

Toronto

Scotia Plaza, Suite 3410
40 King Street West
Toronto, ON
M5H 3Y2
Canada
Tel: +1-416-364-3355

Washington, D.C.

1701 Pennsylvania Avenue, NW
Suite 400
Washington, D.C. 20006-5810
United States of America
Tel: +1-202-654-7800

Asia/Pacific

Beijing

Suite 1320, China World Tower I
No. 1 Jian Guo Men Wai Avenue
Beijing 100004
China
Tel: +86-10-6505-2688

Hong Kong

Room 1801, Alexandra House
18 Chater Road Central
Hong Kong
Tel: +852-2523-9123

Melbourne

15th Floor
Bourke Place
600 Bourke Street
Melbourne VIC 3000
Australia
Tel: +61-3-9603-1300

Mumbai

Unit 9(A), Grand Hyatt Plaza
Santacruz (East)
Mumbai 400 055
India
Tel: +91-22-6733-2222

New Delhi

A4, Tower A
The Qutab Hotel and Apartments
Shaheed Jeet Sing Marg
New Delhi 110 116
India
Tel: +91-11-4603-4600

Shanghai

Room 4504, Jin Mao Tower
88 Century Avenue
Pudong, Shanghai 200121
China
Tel: +86-21-6163-0888

Singapore

2 Shenton Way
#08-01 SGX Centre 1
Singapore 068804
Singapore
Tel: +65-6225-1811

Sydney

Level 40 Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia
Tel: +61-2-9258-3100

Tokyo

Izumi Garden Tower 14F
1-6-1 Roppongi
Minato-ku, Tokyo 106-6014
Japan
Tel: +81-3-5114-3700

Europe

Amsterdam

World Trade Center
Tower H, 18th Floor
Zuidplein 148
1077 XV Amsterdam
The Netherlands
Tel: +31-20-305-7630

Barcelona

Edificio Prisma
Avda. Diagonal, 613, 2ªA
08028 Barcelona
Spain
Tel: +34-93-494-9400

Brussels

Boulevard St.-Michel 27
B-1040 Brussels
Belgium
Tel: +32-2-743-12-20

Copenhagen

Østergade 1, 1st Floor
DK-1100 Copenhagen K
Denmark
Tel: +45-33-69-23-20

Frankfurt

MesseTurm
60308 Frankfurt/Main
Germany
Tel: +49-69-75-60-90-0

Hamburg

Stadthausbrücke
1-3/Fleethof
20355 Hamburg
Germany
Tel: +49-40-480-661-0

London

24 St. James's Square
London SW1Y 4HZ
United Kingdom
Tel: +44-20-7839-7788

Madrid

Calle Miguel Angel, 11
Seventh Floor
28010 Madrid
Spain
Tel: +34-91-319-7100

Milan

Via Mascheroni, 5
20123 Milan
Italy
Tel: +39-02-430-0151

Munich

Ludwigstraße 7
80539 Munich
Germany
Tel: +49-89-24-89-81-3

Paris

7, Place Vendôme
75001 Paris
France
Tel: +33-1-49-26-13-00

Stockholm

Hamngatan 27
SE-111 47 Stockholm
Sweden
Tel: +46-8-545-074-40

Warsaw

Belvedere Plaza
ul. Belwederska 23
00-761 Warsaw
Poland
Tel: +48-22-851-68-38

Zürich

Genferstrasse 21
8002 Zürich
Switzerland
Tel: +41-44-447-30-30

©2009 Russell Reynold Associates, Inc.

RUSSELL REYNOLDS ASSOCIATES is a trademark of Russell Reynolds Associates, Inc.
Other brand names and marks referenced herein are trademarks of their respective owners.

www.russellreynolds.com