

Global Leadership

Rethinking People Leadership in IT Four Key Findings for Improving IT Leader Selection, Performance and Succession

Digital innovations such as mobile devices, cloud computing and Big Data are dramatically reshaping information technology's (IT) relationship with the business—and, therefore, the role of the chief information officer (CIO). In addition to overseeing their traditional responsibilities, today's technology heads are increasingly being called upon to manage a host of new activities such as generating customer insight, transforming supply chains and driving additional sources of revenue.

While much has been written about the skills and knowledge (competencies) required for CIOs to succeed in this new environment, most of the existing information is anecdotal, lacking hard evidence. To fill this gap and put harder edges around the competencies that matter most, Russell Reynolds Associates, in partnership with Arthur Langer, Ed.D., of Columbia University, launched a major quantitative research study in the fall of 2012. The effort was designed to help sitting CIOs optimize their current performance, improve succession planning/management, develop the next generation of IT talent and help chief executive officers (CEO) make better decisions when hiring their next head of technology. Below is a summary of key findings, implications and recommended actions.

SURVEY SUMMARY

Three Key Questions:

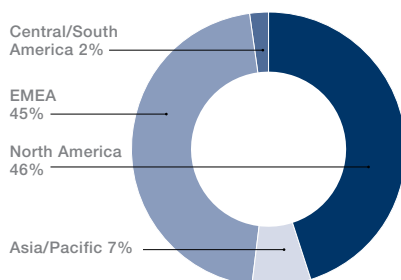
- 1 Which Leadership competencies matter most in terms of IT leader success?
- 2 How effectively do IT leaders deliver against these competencies?
- 3 What actions distinguish firms that build the best IT leadership benches?

Time Frame:
Fall 2012

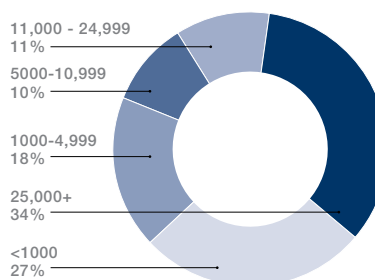
Respondents:
985

Industries:
All major industries

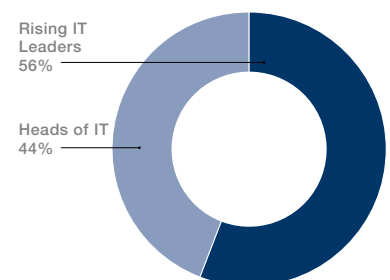
Company Location



Company Headcount



Respondent Roles

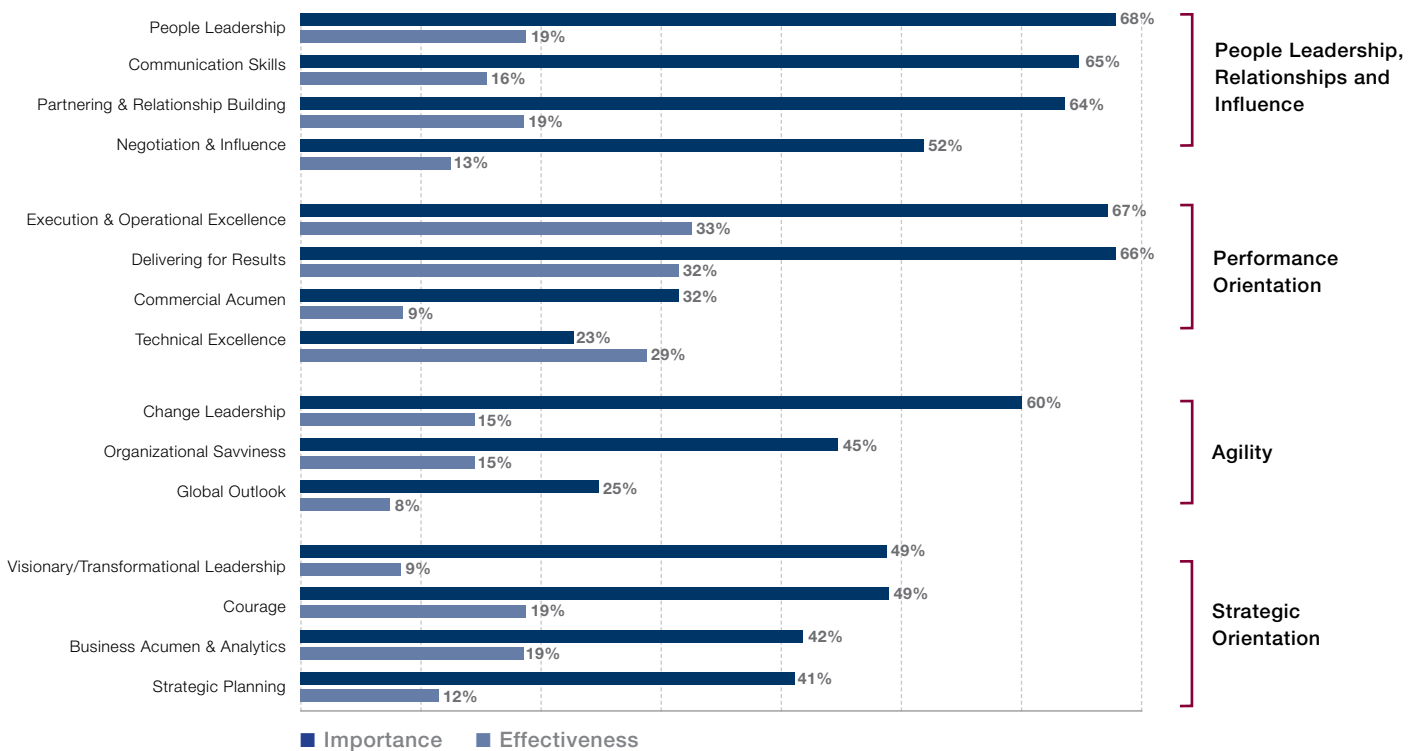


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Key Finding #1: Rather than technical ability, CIOs believe the key to IT leadership is driving results and change through people. However, CIOs see significant room for improvement in these areas.

Figure 1: Importance vs. Effectiveness Ratings of Individual Competencies

CIO Scores: 9 or 10 on a 10-point Scale



The Graphic Explained: This graphic shows the percentage of CIOs who cite each competency as highly important (the dark blue bars) and the percentage of CIOs who feel their direct reports are highly effective at delivering against them (the light blue bars).

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Key Takeaways (Figure 1):

- **Key Importance Scores:** CIOs rate people, results and change-related competencies as most important.*
We believe this reflects the ongoing need for IT to ensure operational excellence (i.e., delivering IT projects on time, on budget and on quality) while simultaneously transforming the function to meet new business demands presented by innovations such as mobile devices, cloud computing and Big Data.
- **Primary Gaps:** Interestingly, while CIOs rate people, results and change-related competencies as most important, they also view these areas as most in need of improvement amongst rising IT leaders.
- **Secondary Gaps** Other key importance/effectiveness gaps include Organizational Savviness, Courage, Business Acumen and Analytics, Commercial Acumen and Strategic Planning. These gaps are particularly relevant as they are central to effective strategic partnership with the business, which most IT leaders believe to be critical to the success of the IT function today.
- **Blind Spots:** Only about 40% of IT leaders rate Business Acumen and Analytics and Strategic Planning as highly important, and less than one-third view Commercial Acumen as highly important. We believe these low ratings represent significant blind spots. While conventional wisdom holds that effective partnership with the line is key, our findings suggest that a large number of IT executives may discount the specific competencies that are required for this task.

Key Implications:

- While people, results and change-related competencies are commonly discussed, they are rarely featured as “must-have” capabilities in IT competency models. To ensure that these proficiencies are a key focus in rising IT leader performance and development, CIOs should ensure that these categories are prominently featured in existing competency models.
- CEOs looking to hire a new head of technology also may wish to utilize this information as the basis for competency-based interview questions.

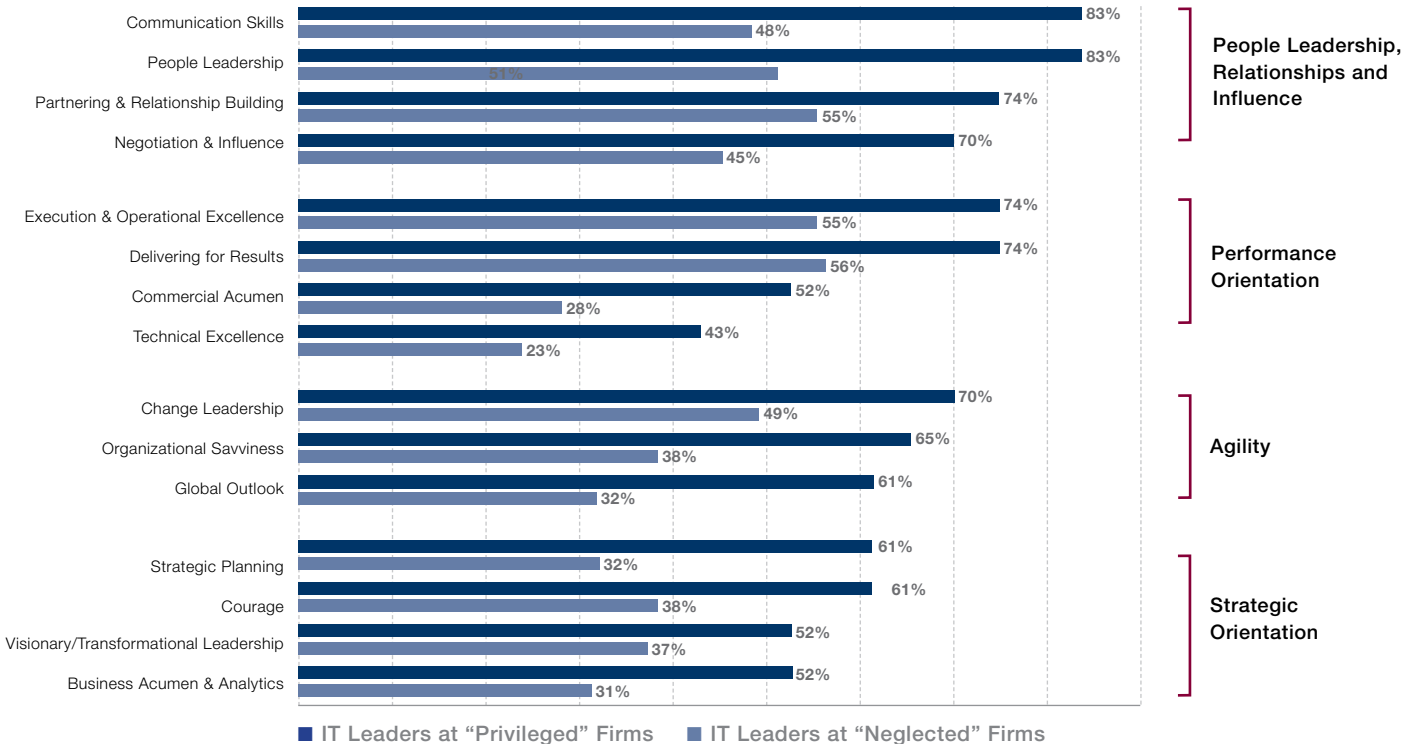
* See Page 9 for a complete listing of competency definitions.

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Key Finding #2: There is a strong link between effective leadership development tactics and overall IT leader effectiveness.

Figure 2: Effectiveness Comparison: The “Privileged” vs. The “Neglected”

Rising IT Leader Scores: 9 or 10 on a 10-point Scale



The Graphic Explained: This graphic examines the perspectives of two groups of rising IT leaders: those at “privileged” firms who feel their mentors, managers, training and human resources (HR) departments all are highly effective at developing people skills (the dark blue bars) and those at “neglected” firms who say their mentors, managers, training and HR departments are merely average to poor (the light blue bars). Specifically, it shows how each group rates the effectiveness of their IT colleagues at delivering against each competency.

Key Takeaways:

- IT leadership effectiveness is not a function of fate or luck. Rather, it is driven by organizational commitment to—and effectiveness at—systematically developing the people-leadership capabilities of IT leaders.
- IT leaders with organizations and managers who excel at developing people skills feel surrounded by colleagues who are highly effective across all competencies. In other words, developing strong people skills builds strong business skills.

Key Implications:

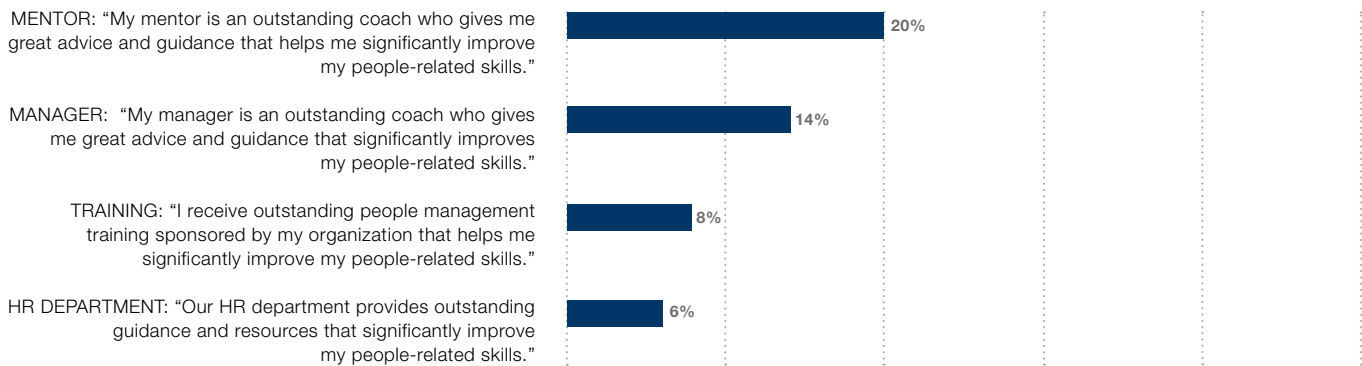
- IT leaders should honestly assess their organization’s effectiveness at building leadership capabilities and invest in high-impact leadership development tactics accordingly (see page 6 for more detail).

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Key Finding #3: Rising IT leaders are not getting the development they need from their organizations and managers.

Figure 3: Percentage of Rising IT Leaders Who Report Receiving Highly Effective People-Skills Development

Percentage of IT Leaders Rating 9 or 10 on 10-point Scale



The Graphic Explained: This graphic shows the percentage of rising IT leaders who feel their mentors, managers and HR departments are highly effective at developing their people-related skills.

Key Takeaways:

- Despite the importance that IT leaders place on people skills for driving business success, few rising IT leaders feel their mentors, managers or HR departments are effective at developing those skills.

Key Implications:

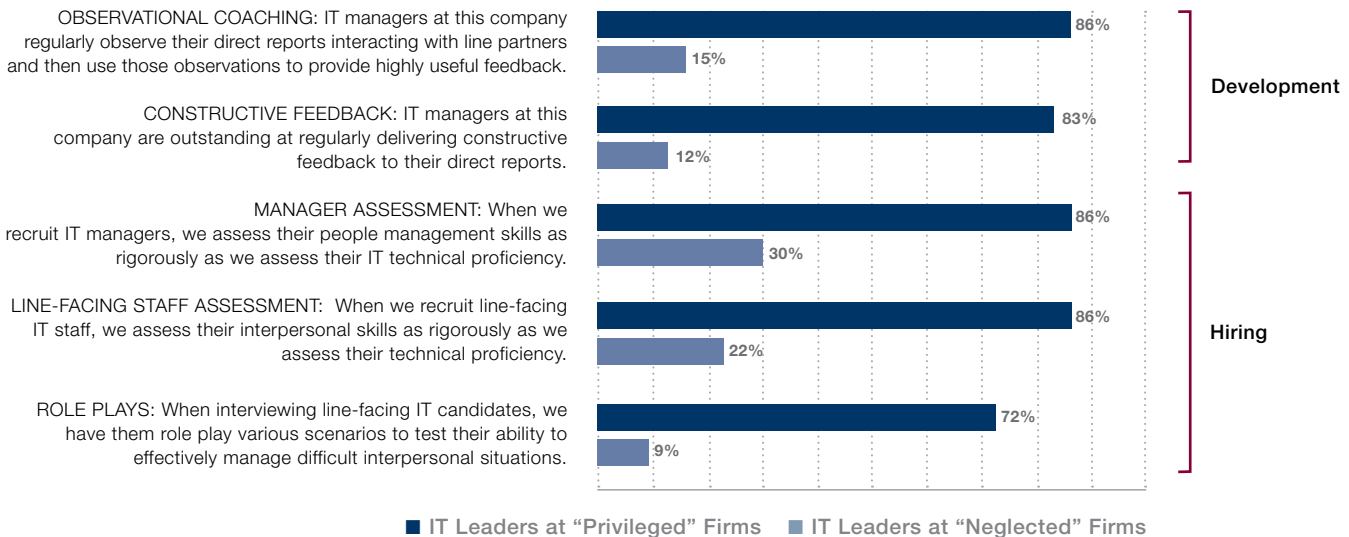
- IT leaders should partner with training teams and HR departments to identify key opportunities for improving the quality of leadership development efforts targeted to IT.
- At the same time, IT leaders must hold their IT management teams equally accountable for identifying and cultivating rising IT leadership talent.

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Key Finding #4: To accelerate the identification and development of IT leadership talent, CIOs should focus on five key elements of development and hiring.

Figure 4: Use of Progressive People Skills in Development and Hiring

Scores of IT Leaders at “Privileged” and “Neglected” Firms: 9 or 10 on a 10-point Scale



The Graphic Explained: This graphic examines the perspectives of two groups of rising IT leaders: those at “privileged” firms who feel their mentors, managers and HR departments all are highly effective at developing people skills (the dark blue bars) and those at “neglected” firms who say their mentors, managers and HR departments are merely average to poor (the light blue bars). Specifically, it shows the percentage of each group that rates its peers and manager (typically the CIO) as highly effective across five best practice tactics for development and hiring.

Key Takeaways (Figure 4):

- IT leaders at “privileged” firms feel surrounded by colleagues who effectively:
 - Develop employees’ people skills through observational coaching and feedback.
 - Hire candidates with effective people skills through rigorous assessment and role plays.
- IT leaders at “neglected” firms do not feel surrounded by colleagues who utilize the best practice development and hiring tactics cited above.

Key Implications:

- IT leaders should not wait for their organizations to improve their formal approaches to leadership development. Each of the actions presented here should be carried out by IT managers and leaders in the field.
- IT leaders should challenge their own IT management teams to (a) provide more rigorous feedback and (b) refocus interviewing techniques to ensure a full assessment of the interpersonal and people management capabilities of candidates for managerial roles.

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Taking Action

To help IT leaders optimize team performance, we have isolated below the eight competencies showing the greatest importance/effectiveness gaps referenced in Figure 1. In addition, for each competency, we offer recommended developmental experiences for improving effectiveness. This information should be useful for designing and implementing individual development plans for rising IT leaders.

CATEGORY	COMPETENCY	DEVELOPMENT EXPERIENCE
Agility	Change Leadership	Manage a change program that impacts multiple functions.
Strategic Orientation	Visionary/Transformational Leadership	Work with the CEO or chief strategist to design a “vision of the future” for the function.
Performance Orientation	Execution and Operational Excellence	Design and execute a workplan for a specific project with clear actions, owners and deadlines.
	Delivering for Results	Set clear and visible team and personal goals.
People Leadership, Relationships and Influence	Communication Skills	Deliver a formal presentation to an audience of senior IT leaders and/or to an external audience of senior business leaders.
	Negotiation and Influence	Observe top procurement staff during a negotiation.
	Partnering and Relationship Building	Complete a “listening tour” with senior colleagues from across functions and business units. Understand their challenges, goals/objectives and value drivers.
	People Leadership	Identify a senior leader you respect and who is recognized as an effective people manager and ask him/her to mentor you.

Conclusion

As IT leaders face increasing expectations and changing business requirements, they must determine which skills and abilities will best carry them forward. We hope the findings from this study will provide a useful guide for identifying and building the capabilities required to succeed in the world of IT today.

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Competency Definitions

CATEGORY	COMPETENCY	DEVELOPMENT EXPERIENCE
Agility	Change Leadership	Implements needed change while maintaining the cohesion of the organization and meeting short-term operational goals.
	Global Outlook	Is comfortable in a world of evaporating borders and lowered barriers to entry; continually exposes self to new ideas and environments.
	Organizational Savviness	Leads without formal authority or hierarchies; effectively manages in complex organizational environments.
Strategic Orientation	Visionary/Transformational Leadership	Creates long-term goals that inspire others; demonstrates innovative thinking; plots a path from the present to the future and understands and recognizes what must change to get there.
	Business Acumen and Analytics	Thoroughly understands business models, financials and the competitive terrain; rigorously analyzes complex business challenges.
	Strategic Planning	Translates vision and analysis into a workable, long-term plan that achieves goals.
	Courage	Makes decisions without regard to initial popularity but rather personal conviction, data integrity and the ability to put the interests of the organization ahead of oneself.
Performance Orientation	Execution and Operational Excellence	Gets things done; continually improves operational efficiency and effectiveness.
	Commercial Acumen	Works backward from the end user and market environment and adds value accordingly.
	Delivering for Results	Relentlessly focuses on results; keeps score and aligns efforts with business objectives.
People Leadership, Relationships and Influence	Communication Skills	Communicates clearly and effectively; facilitates collaboration; seeks to learn from others.
	Negotiation and Influence	Gets others to buy into a vision; quickly earns credibility; protects interests and grasps opportunities while creating win-win situations and maintaining a reputation for fairness.
	Partnering and Relationship Building	Works effectively with leaders of internal business units and external organizations; designs and manages multi-organizational initiatives; demonstrates empathy for others' views.
	People Leadership	Attracts, develops, engages and retains the best talent for the organization; inspires and motivates teams to achieve extraordinary results.

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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
C1107BPA, Buenos Aires
Argentina
Tel: +54-11-4118-8900

Calgary

Suite 750, Ernst & Young Tower
440-2nd Avenue SW
Calgary, Alberta T2P 5E9
Canada
Tel: +1-403-776-4192

Chicago

155 North Wacker Drive
Suite 4100
Chicago, IL 60606-1732
United States of America
Tel: +1-312-993-9696

Dallas

200 Crescent Court, Suite 1000
Dallas, TX 75201-1834
United States of America
Tel: +1-214-220-2033

Houston

600 Travis Street, Suite 2200
Houston, TX 77002-2910
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

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

Palo Alto

260 Homer Avenue, Suite 202
Palo Alto, CA 94301-2777
United States of America
Tel: +1-650-233-2400

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, 8.501 11°
05425-070 São Paulo
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, DC 20006-5810
United States of America
Tel: +1-202-654-7800

Asia/Pacific

Beijing

Unit 3422 China World Tower 1
No. 1 Jian Guo Men Wai Avenue
Beijing 100004
China
Tel: +86-10-6535-1188

Hong Kong

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

Melbourne

Level 51, Rialto Towers
525 Collins 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

203, Eros Corporate Tower
Nehru Place
New Delhi 110 019
India
Tel: +91-11-4603-4600

Seoul

16F West Tower
Mirae Asset Centre 1 Building
26 Eulji-ro 5-gil, Jung-gu
Seoul 100-210
Korea
Tel: +82-2-6030-3200

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

Kongens Nytorv 3
DK-1050 Copenhagen K
Denmark
Tel: +45-33-69-23-20

Frankfurt

OpfernTurm
60306 Frankfurt am Main
Germany
Tel: +49-69-75-60-90-0

Hamburg

Stadthausbrücke
1-3/Fleethof
20355 Hamburg
Germany
Tel: +49-40-48-06-61-0

London

Almack House
28 King Street
London SW1Y 6QW
United Kingdom
Tel: +44-20-7839-7788

Madrid

Calle Miguel Angel, 11, 7°
28010 Madrid
Spain
Tel: +34-91-319-7100

Milan

Via Mascheroni, 5
20123 Milan
Italy
Tel: +39-02-430-015-1

Munich

Maximilianstraße 12-14
80539 München
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

Löwenstrasse 28
CH-8001 Zurich
Switzerland
Tel: +41-44-447-30-30