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Do CEOs have the CIOs and IT capability they need?

SAVANNAH RESEARCH REPORT



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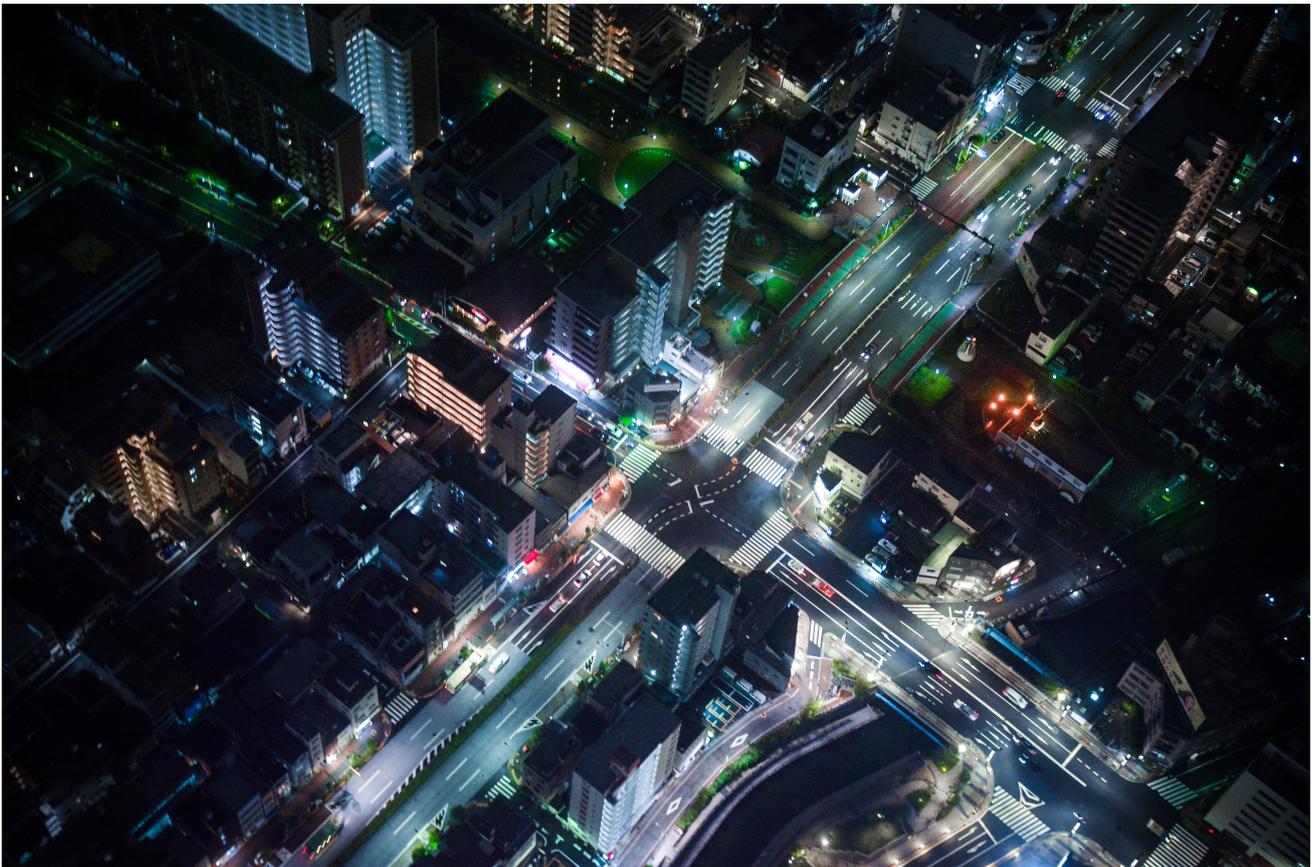
Where are the Great CIOs and How Can We Get One?

And How Can We Keep Him/Her?

Savannah Group global executive search, Digital & Technology Leaders Practice

About Cathy Holley

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The transformation of the role of CIO

The role of the CIO has evolved at the speed of light compared with those of its peers on the Executive Committee. It certainly needed to. The vast majority of roles within businesses today have at least some level of technology usage and most significant transformation programmes are underpinned by technology. The pace of evolution of the role of the CIO is, however, pedestrian in comparison to the revolution happening right now in companies' customer and end-user communities.

Consumers expect to communicate with organisations using technologies of their choice, where and when they please. Customer service levels are no longer benchmarked with your peers, but with all companies with whom your customers interact. Falling short of their increasingly high expectation levels, now results in a vicious tweet or negative Facebook comments, ignored at your peril.

Many CIOs are enjoying a new window of opportunity: the chance to talk about new technology and how it can create real business advantage with the (almost) undivided attention of the board. A high quality CIO can inspire and enthuse, as well as help an organisation maintain the tricky balancing act between data protection responsibilities and innovation; customer intimacy and customer intrusion; easy access to high quality information and maintaining IT security so that hackers cannot damage brands.

CIOs — the poor relation?

So, if the hour has finally come for CIOs, why are so many considered the poor relation of others on the Exec? Why do so few progress into bigger roles? Why are boards still unsophisticated buyers of CIOs when the need to recruit arises?

To answer these questions we need to wind back only fifteen years or so when the term CIO was first coined. The new title was predicated on the fact that the Head of IT had been elevated to being a "C-level executive", able to take his or her place as part of the Exec which ran the company; someone who could contribute usefully on every area under discussion, wearing a specialist IT hat. In fact the heads of IT in Europe at that time had not developed much from the Data Processing Manager of the 80s. Attracted into technology and coding because they thought with the left side of their brains; not good with people, let alone relationship management; poor at leadership and totally unaware and barely interested in the company's strategy or its customers. If they had been asked whether they were business-aware, most would have said yes, but would have been fooling themselves; another reason why they did not endear themselves to business leaders.

What they were good at, or should have been, was "taking orders": understanding and solving problems presented to them by the business and delivering a sound, resilient IT service, which was essentially contained in the back office and majored on Finance, HR and payroll as well as sector-specific packages or bespoke development.

A good Head of IT surrounded him/herself with strong architects, developers and networking professionals and was delighted to be invited into the boardroom to talk, of course, about the next big technology programme. Once there, the Exec Committee often regarded him or her as a necessary evil, running a cost centre, ultimately boring but essential, but hardly someone they would have invited to the after meeting "refreshments"; after all, they did not really belong to "the club".



So what has changed?

One thing CIOs generally did have was a massive IQ, and the best of them recognised that the world was changing and that they needed to change with it. New skills were required and competencies developed if a Head of IT was truly going to be respected as a peer of the Exec. Thus, if you were to analyse the profile of the very best CIOs today, it is very different to those of yesteryear. Perhaps the main difference is the move from being internally-focused, reactive and compliant, to having an external perspective, with a much more proactive approach to delivering against the organisation's strategic objectives and the ability to challenge constructively.

As this process has continued, the best have made their way to the top, their talent recognised and their contribution to their organisations respected and valued by their peers.

What does good look like?

What do the CIOs at the top of their game have in common?

- They understand their sector/business inside out and are able to pull the real levers for change including how and where to invest available (and often limited) funds. Business leader first, CIO second
- They are capable of innovative and strategic thinking to drive real business value and competitive differentiation; new business ideas, not just new toys
- They possess the intellect to grasp the complexities and interdependencies of the business, particularly during transformation. They thrive on, rather than endure change
- They possess the rigour, discipline and process understanding to ensure that change is effectively delivered in such a way that it can be maintained and the benefits properly realised
- They can engage, align, and influence stakeholders to ensure the right results are delivered and change realised





- They are able to obtain good outcomes by building strong relationships with third parties who are determined to delight their customers
- They are able to maintain an external focus (customer, regulator, shareholder, City, competitor) whilst juggling internal operational challenges
- They are ambitious, driven and smart enough to go on to more classic business roles
- They have an engaging, charismatic personality which commands attention and puts peers and teams at ease, along with a sophisticated understanding of how to deal with company politics
- They may even belong to “the club”

Generally speaking, CIOs still do come from technology backgrounds, although their degrees may well be in Engineering, Physics, Maths, Economics or even Architecture or Geography. A sound, commercial understanding of the business, a breadth of appreciation of technology and a real interest in what is “coming down the line” so that technology can be used in bold and innovative ways to drive competitive differentiation is what the best can bring to the Exec.

In our opinion the most talented CIOs will have a strong architectural appreciation of a business from the highest process and information levels down through applications to infrastructure (often the biggest spending area for a company). This ability to take a “helicopter” view (both high and low) of an organisation, how it hangs together, the key interdependencies and where the critical levers of change are, is a skill that is held by no other exec apart from, perhaps, the CEO at a much higher and perhaps instinctive level.

It goes without saying that the very best will demonstrate all the leadership and influencing competencies of their peers.



The Executive Committee's perception of IT leaders

Given the immense value a world-class CIO can bring to an organisation, it is interesting, and to be honest, often disappointing, to hear business leaders brief executive search consultants on the person specification when a CIO search is being initiated — in comparison to other leadership roles. A clear, incisive vision of what is expected of the role is rare. Briefings are frequently short, as if there is not really much to say. There is a lack of connection between the business strategy, objectives and challenges and what is required from the CIO. The role is usually described as “a necessary functional representation; an extra person on the Exec”, rather than being a key part of the collective. Most worrying, is that the bar is rarely set high, with an inspired set of requirements or food for thought offered for the eager search professional to mull over.

In mitigation, it must be remembered that most CEOs and CFOs (for it is usually they who are giving the briefings) rarely meet CIOs outside those of their own organisation. Going out to search is often an admission that the previous CIO has failed, or that s/he did not provide a choice of successors (in itself a symptom of lack of leadership), or that the business is going through a period of change — and somebody better prepared to deliver in challenging times is needed. But if CEOs and CFOs have no experience of what excellence looks like, why should they know what they want?

A virtuous circle — supply and demand

It is our fervent hope that a virtuous circle will prevail. As CEOs begin to appreciate what the very best CIOs are delivering in competitors, the greater the demand will be for excellence within the function. Gradually, more CIOs will be recognised as true peers to their C-level colleagues. Business engagement and interest in IT will increase and companies will get the technology and technology functions they deserve. One day the very best graduates might aspire to be CIOs rather than aim for careers in the City, the Law or high-end consulting.

Where are the Great CIOs and How Can We Get One?

We have discussed what the very best CIOs look like and how they can add significant value to an organisation. How can you secure the capabilities of a world class technology leader ahead of your competition? What does your proposition have to look like?

The very best CIOs are attracted to organisations which consider technology to be the lifeblood of the business. Companies like this are easy to spot: one hour with no IT, and the business is damaged, five hours and it has suffered severe reputational damage; three days and it is dead. CIOs love complexity (rather than simply scale) and above all, transformation. Far from being put off by desperate and seemingly intractable problems (up to and including chaos), they will be relishing the opportunity to fix the problems.

Organisations go through different stages of maturity — there are times of growth and innovation, times of consolidation and, unhappily, times of cost cutting, retrenchment and redundancies. You may be enjoying international expansion, or globalisation, or considering outsourcing. The person who will lead the IT team, might well be different, depending on the challenges you face — and at times, might well need to sit on the Exec.

It is important to understand what your business strategy requires in terms of IT capability. A good search partner will help you work this out and will assist you in shaping your proposition.

Bear in mind, that if this is simply framed in terms of, and within the boundaries of technology (unless it is truly “bleeding edge, and you require a superb technologist, pure and simple), you may struggle to persuade the best of the best to join you.



And How Can We Keep Him/Her?

Let's go back to the evolution of the CIO; as the new breed was acquiring all the new commercial and interpersonal skills we have discussed, something had to give. As we explained CIOs generally have a broad overview of technology and trends — but are often not more technical than this. And, even if they are, they may well deny it. In their efforts to be seen as business leaders, many play down technology roots to avoid any confusion with their uncommercial, geeky ancestors. Indeed, an interesting experiment is to ask a CIO what s/he does for a living. The response will often be a list of all other areas of responsibility (supply chain, logistics, BPR and even “facilities”) with an admission that IT is another component, thrown in at the end.

Many are looking for an organisation where success as CIO will provide a stepping stone to another or broader role. COO is the most sought after, but combinations with IT are also popular and can include almost any other function (HR, business strategy, programme management, transformation, etc). Many would like to run a P+L. CIOs are sophisticated enough now to spot a poisoned chalice or a business where IT is not valued and never will be. Like all good leaders, they need to know that they can generate business value and be an integral part of the winning team, not simply sitting next to them on the Exec.

Offer them a role with all of these elements; sit back and be amazed.

Savannah Group global executive search, Digital & Technology Leaders Practice

The CIO Practice at Savannah Group is dedicated to the assessment and appointment of CIOs and senior IT executives in functions that include: development, infrastructure, transformation and governance. Through this work we are regularly asked to assist organisations in the development of their people and equally by individuals seeking to plan their careers.

Our network amongst senior executives in IT enables us to identify and evaluate the highest calibre individuals.

We use rigorous research methodology to identify new candidates (across the industry) on every search whilst continually developing relationships with successful and emerging talent.

Our unrivalled international reach allows us to search across borders and industries to find leaders with the skills and cultural fit to match the needs of our clients.



Cathy Holley

Cathy is Co-Head of Savannah's Digital & Technology Leaders practice where she works with organisations across all sectors, advising on shaping and building world-class IT functions which deliver real business advantage. As well as recruiting some of Europe's top CIOs she has expert knowledge of CIO top team roles whether infrastructure, applications or programme-related. She is a frequent speaker at industry events and works closely with CIO advisory groups such as Gartner, Leading Edge Forum and CIO Development. Her opinion on the future of the CIO role is often sought by the industry press.

Cathy's early career was in front-line roles in leading global hi-tech firms such as IBM and Oracle. She transitioned into search in 1995 when she joined Norman Broadband's Technology Practice which she ultimately co-headed with Phil Peters (now also at Savannah). She joined Heidrick and Struggles in 2002, eventually leaving to become a founding partner at Savannah where she has established herself as one of the leading CIO recruiters in Europe.

Cathy has a degree in French and Italian from Royal Holloway College, London University.



Vicky Maxwell Davies

Vicky co-heads the Digital & Technology Leaders practice at Savannah Group, where she recruits CIOs and their top teams for a wide variety of clients, both large and small across multiple industry sectors. In addition Vicky provides management assessment of senior executives and teams.

Vicky's whole career has been spent in technology. She spent 10 years with IBM, initially in mid-range sales to international banks, then moving to a European marketing position, based out of Paris. Vicky next joined Oracle Corporation, where she had a successful career selling new business into the City of London.

Vicky made the move to executive search in 1996, joining the Technology Practice of Norman Broadbent International. She then joined Whitehead Mann's CIO practice before taking joining Savannah in 2003. Vicky was educated at the North London Collegiate School, University of Sussex and the Sorbonne and has a degree in French Studies. Vicky is a keen cyclist and reader — although not at the same time.



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Our innovative global structure, agile service delivery and integrated search and interim practices, gives you access to people that simply aren't accessible to other firms. It's the reason why more than 600 of the world's leading brands have chosen to use us, and why 85% of our revenue is from repeat business.

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