

2008: The Year Only the Strong IT Leaders Survive

– Meridith Levinson, CIO

Fact: CIOs have achieved an unprecedented level of validity and stability in their enterprises. It's evidenced in their reporting relationships, compensation and tenures. According to CIO's 2008 State of the CIO research, more CIOs (41 percent) report to the CEO than ever; their salaries are on the rise; and they average four years and five months in their roles.

The acceptance of the CIO and the recognition of his strategic importance in the boardroom have created challenges and opportunities for IT leaders. Expectations are higher. Responsibilities are broader and more complex. But in the midst of those complications, CIOs hold great potential to concretely and positively impact their organizations. In doing so, they increase their chances for moving into executive-level positions outside of IT.

Three Things IT Leaders Need to Do to Earn Promotions in 2008

1. Run the IT department like a profit and loss center.
2. Generate ideas for business growth and work with a business unit head to implement them.
3. Solve business problems. "You want executives coming to you with IT issues and issues that have nothing to do with IT because you're a good problem-solver," says Stephen Pickett, vice president an CIO of transportation services company Penske.

In 2008, we'll continue to see CIOs move into business operations, but we'll also see business executives competing with technology executives for the CIO role, according to consultants and executive recruiters who work closely with CIOs. Jobs will be available for IT leaders, but they'll be harder to get. Only the strong CIOs will survive in 2008.

Prediction: Operational CIOs will be stripped of their C-level title.

Patrick Gray, president of IT consultancy Prevoyance Group and author of Breakthrough IT: Supercharging Organizational Value Through Technology, says 2008 will mark a turning point for functional CIOs (those focused on IT operations and cost-cutting). He says CIOs will have to prove their mettle as strategic business partners or they'll be relegated to the back office for the rest of their lives.

"A CIO who is purely operational, technical and focused on cost-cutting may not be in the C-suite anymore as companies look to rationalize the number of C-level titles in their organizations," he says. "If you wait for someone in the business to summon you to implement a system or fix something, that's not a strategic role. It doesn't deserve a C-level title and makes it attractive to cut."

Pappalardo believes the spike in CEO turnover will result in more CIO turnover and create new openings for CIOs.

Prediction: CEOs will continue to expect their CIOs to contribute to their companies' growth.

When the U.S. economy began gaining steam around 2005, CIOs such as the Bank of New York's Kurt Woetzel were called to focus on growth and innovation. That charter will continue in 2008, according to Mark McDonald, group vice president and head of research for Gartner Executive Programs. He says IT leaders will play a bigger role "in attracting and retaining customers, developing new information-intensive products and generally supporting the growth of the company as opposed to being focused on efficiencies."

To that end, product development and management as well as projects that expand and improve customer sales, service and the fulfillment of orders will be top priorities for CIOs, according to McDonald.

The only wild card in the growth equation is the economy. If it continues to lurch toward a full-blown recession, McDonald expects CIOs to shift their focus back to operational effectiveness, as they did in 2002.

Prediction: More CIOs will take over shared services.

Fidelity announced in early December that it hired former Ford and Citigroup CIO Marv Adams as president of its newly created shared services organization. Executive recruiters expect more CIOs to follow in Adams's footsteps and assume responsibility for functions such as IT, HR, procurement and finance.

"As organizations continue to strive for efficiency, the CIO remains in a unique position to be the go-to person—the catalyst for shared services—because the CIO reaches across finance, HR [and] supply chain," says Paul Groce, the leader of search firm CTPartners' CIO practice. "They have the knowledge and reach that no other executive has."

If the economy moves into a recession in '08, as some economists predict, more companies might move to shared services, thus opening more opportunities for CIOs. Call it the upside of the downside of the economy.

Prediction: More CIOs will assume responsibility for non-IT functions.

As CIOs prove their worth as business partners, they'll be rewarded with accountability for functions outside IT and they'll be given titles such as CIO and senior vice president in charge of customer service.

To move into roles outside of IT with their current employers, CIOs will need strong successors in place. "Businesses are often reluctant to have their CIO move out of their role completely," says Chuck Pappalardo, managing director of Trilogy Search Non+Profit. "Because the CIO is so good in their role, the company doesn't want to lose them."

Adds Pickett, "If we don't continue to develop our bench, we may be CIOs for a lot longer than we want to be."

Prediction: More companies will look internally to fill CIO positions.

DuPont appointed its vice president of information technology integrated service delivery, Phuong Tram, to succeed Robert Ridout as CIO when he retires at the end of 2007. American Specialty Health promoted Kevin Kujawa from SVP of IT to EVP and CIO earlier this month. Database marketing company Merkle named its vice president of IT, Barry Smith, as its CIO.

CTPartners' Groce says more companies are grooming internal candidates for the CIO job than looking externally for someone to fill that role because it's so strategic. They want the CIO to be someone who knows the company, understands the industry and has relationships with key business leaders—they don't want an outsider.

Prediction: More executives with business backgrounds will move into the CIO role.

The career path to becoming CIO is changing. It used to be that a technology professional worked his way up the ladder inside IT organizations to get to there.

But Paul Horowitz, a partner with PricewaterhouseCoopers who is in charge of the company's CIO agenda, says he's starting to see a lot more business people moving into the CIO role.

This change is driven by companies' demands for business-focused CIOs who can help enterprises achieve their strategic goals and work on the same level as the rest of the senior leadership team.

It's also a way for companies to groom executives for the CEO post. Horowitz says business people come into the CIO role almost like they're on a tour of duty. Then they go back into the business, and other individuals get rotated through

the CIO organization, he adds. The trend gives credibility to the CIO role. It says that being CIO is an important stepping stone on the way to becoming CEO.

Prediction: It will be harder to get CIO jobs.

Most experts interviewed for this article say job opportunities will abound for CIOs in 2008, but competition for them will be stiffer.

“As computers become faster, as bandwidth increases, as technology capabilities increase significantly year over year and as business users and CEOs become more comfortable investing in technology, we’re seeing technology leveraged more and more,” says Groce. And that creates opportunities for CIOs.

Even if the economy slows, there will still be demand for IT leaders. “Downturns and cost containment, to a degree, force greater leveraging of technology resources,” says Groce.

Pappalardo believes the spike in CEO turnover will result in more CIO turnover and create new openings for CIOs. Think Citigroup, Motorola and Sprint Nextel to name just a few companies that have announced CEO changes over the past several months.

Whether the market is hot or cold, experts agree that it won’t be easy to get CIO jobs. “There’s been a lot of M&A activity. When one company gets acquired, that’s one less [CIO] job,” says Forrester’s Hios. Applebee’s CIO Mike Czenige lost his job after International House of Pancakes purchased his employer in November.

“I always think it’s very difficult for CIOs to get jobs,” says Horowitz. “There are only so many slots available and only so many truly, deeply, qualified CIOs who can say they’ve been there and done that.”

Prediction: Business references will become more important than technical references when vying for CIO jobs.

Groce advises IT leaders to compile a list of businesspeople as references to give to recruiters and hiring managers. He also recommends tactfully dropping the names of these people during interviews so you can explain how you helped them.

“If I look at a slate of 12 candidates, the ones who impress me are those who can fluently talk about so-and-so who ran a \$2 billion division, the things they did for her and who suggest I give her a call, says Groce. “The CIO selected for the great role is the one who can point to three or four leaders of multibillion-dollar P&Ls they’ve worked for, not to former CIOs they’ve worked for.”

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