

CIOTOCEO

Aspiring CIOs Should Focus On Critical Behavioral Skills

by Mark Polansky & Simon Wiggins

As more and more CIOs aspire to general management roles and to become COOs or CEOs, it is important to ask if there really is a "glass ceiling" arresting the upward mobility of technology executives. It is even more important to know whether some strategies for promotion are more successful than others.

So far, we have found no hard evidence of a "glass ceiling." But our research has shown surprising differences in the ways CIOs and other C-suite executives approach crucial leadership issues. These differences form the core of a very real challenge facing technology executives moving into general management and ultimately aiming for the topmost corporate ranks.

Fortunately for CIOs, new behaviors can be learned and adopted. Armed with the proper knowledge and support, CIOs can effectively groom themselves for promotion. Additionally, the inexorable trend of increasing globalization works in the favor of CIOs. In a worldwide economy driven by information, corporate boards are far more likely to grant

wider organizational responsibilities to CIOs than they were in the past. Thus, corporate CIOs obtain enterprise level exposure and perspective, which can open doors to higher ranks that had been previously closed.

IN BRIEF, OUR RESEARCH SHOWS THAT:

- Behavior style, rather than intellectual ability, prevents many CIOs from becoming COOs or CEOs.
- The lack of key, specific behavioral skills most often thwarts the ambitions of CIOs hoping to achieve promotion.

Clearly, the challenge for CIOs aspiring to higher offices is identifying behaviors that are likely to boost their careers and then diligently cultivating these behaviors over time. The good news is that successful CIOs can become successful CEOs. But extra effort is required to grow beyond the traditional CIO mindset and to embrace the behavioral styles of traditional CEOs.

This executive summary provides a brief overview of observable behavioral differences between CIOs, CEOs and COOs. In addition to describing the behavioral skills that we believe are critical to success, it offers specific behaviors required for promotion to the most senior executive posts in an organization.

Most important is the willingness of CIOs to look beyond the borders of IT. Successful CEOs view their organizations as extended communities of interrelated business units cooperating to achieve defined sets of goals in defined periods of time. In other words, CEOs “think big.”

Consider this advice from Dennis Jones, who ascended to the rank of COO and CEO at major financial services firms after his legendary tenure as CIO of Federal Express Company:

“When making the move to CEO, the hardest thing for a CIO to learn is to think in terms of profit and loss, rather than costs,” says Jones. “When you have a cost center mindset, you are viewed by others as functioning in a supporting role rather than a strategic one. But a CEO needs to be proactive and to expect results. A CEO needs to figure out how to grow a business and understand its key drivers.”

EVIDENCE SUPPORTS UPWARD MOBILITY OF CIOs

Data gathered by Korn/Ferry on more than a half-million top executives (nearly 1,500 of whom were senior-level IT leaders) was mined to develop statistically validated Success Profiles for the positions of CIO, CEO and COO. Using three criteria – earnings, career trajectory and company quality – the top 20% of CIOs was compared to the top 20% of CEOs and COOs, revealing the promise and challenge of CIOs wishing to move into CEO or COO spots.

Using a powerful and precise battery of behavioral style and career motives assessments developed by Decision Dynamics, a firm founded by veteran academic and practicing specialists in career and behavioral assessment, we found, not surprisingly,

the top CIOs share some important and significant characteristics with top CEOs and COOs. There are also the aforementioned key behavioral differences.

TWO COMPONENTS OF BEHAVIOR: LEADERSHIP STYLE AND THINKING STYLE

The effectiveness of an executive's behavioral style is determined by the circumstances of the situation. Generally, leaders find themselves in two types of social situations. Each requires a different style of behavior.

How we act when we are consciously aware of what other people expect of us is called our *leadership style*. How we act when we are not aware or choose to disregard such expectations is called our *thinking style*. Successful leaders learn to distinguish between these two types of basic situations and respond with the appropriate style of behavior.

1. Leadership Styles

CIOs, CEOs and COOs have leadership styles that are highly participative and social. However, it is not unusual for senior executives across all functions to have learned these leadership behaviors. Indeed, individuals who do not have them are significantly hindered from reaching the most senior levels.

In meetings and external situations where they are not under pressure, CIOs, CEOs and COOs are inquisitive and relaxed, and they involve and listen to others. They continually seek information from people as a means of evaluating alternative solutions and are open to readily changing their views as new information becomes available. They are “participative” in approach.

However, under pressure and with increasing stress, the leadership style of top executives changes.

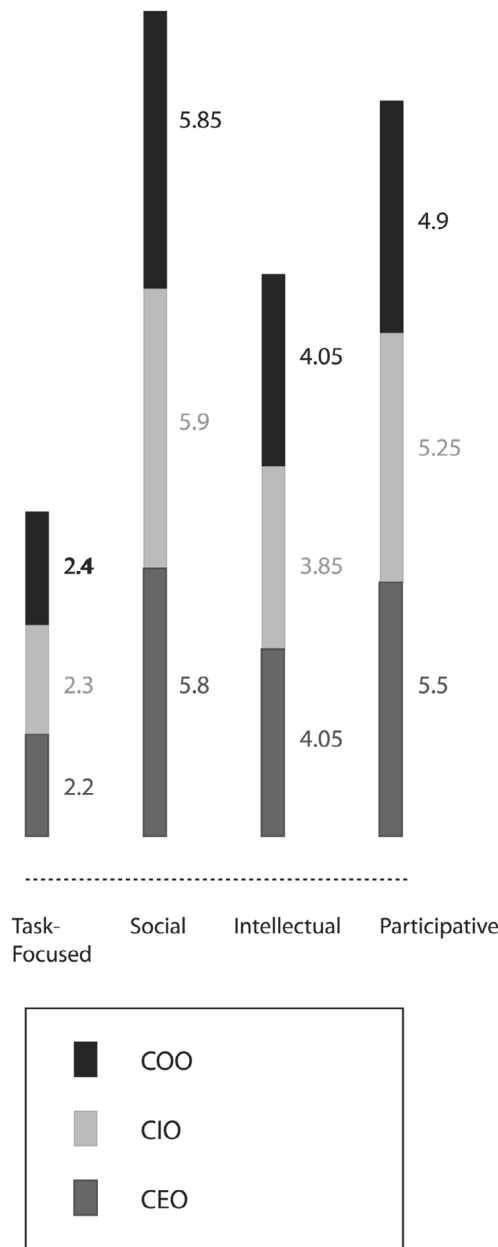
Although they remain open and outgoing, in pressurized situations they do not have the luxury of gathering large amounts of information from many people before acting. Instead they adopt a “trial and error” approach to problem resolution, using quickly attained information and making decisions that are sensitive to the immediate “social dynamics” of a situation.

Under pressure, top-notch leaders switch from a participative, inquisitive leadership style to a quicker and more direct “social” leadership style that is characterized by taking swifter action and managing their way through alternative solutions in quick concert with others.

In either situation, these executives demonstrate a very open (or multi-focus) style of leadership that helps them adapt and meet others on their terms. People with very strong social skills typically exhibit open behavior. They tend to be team spirited and effective at team building. They are naturals at quickly developing social relationships. This ability enables them to “hit the ground running” and rapidly adapt to new situations, build teams and achieve results.

CIOs, CEOs and COOs have an open (social/participative) leadership style that becomes increasingly important with seniority.

LEADERSHIP STYLE



2. Thinking Styles

Thinking styles of the most successful CIOs differ in some interesting and considerable manners from their CEO and COO counterparts. The primary difference is that CIOs are by custom, training and experience much more analytical and adaptable than their CEO/COO colleagues.

CIOs reign over a complex and technical portfolio of infrastructure and application systems with far-reaching and broad commercial impact. They also provide leadership, direction and motivation to a broad group of staff with very varied competencies and capabilities.

CIOs live in a world of linking slow-moving technical standards (for IT, telecom, etc.) with fast-moving, innovative, promising technology and applications thereof for business purposes. CIOs are often faced with vexing questions from others regarding new business opportunities and organizational change, and have continual pressure to maximize ROI on

current assets. These factors simply cannot be achieved quickly and immediately.

This environment requires complex and creative problem-solving skills that are long-term in orientation. On the one hand, quick decisions about adopting a given standard (facilitating integration) may freeze company IT systems and potentially hamper flexibility. On the other hand, failure to standardize in a thoughtful and adaptable manner may lock out the possibility for integration across units, systems, geography and global IT platforms, raising overall effectiveness by an order of magnitude. Careful review of past, present and future trends of external organizational IT system/market developments must be reconciled with past, present and future internal organizational goals and objectives.

The consequences of decisions facing CIOs about IT systems/process strategy and implementation are not transparent. Anticipating them requires a combination of seeing into the future with a rigorous eye on detail and control, yet also with creative insight and openness as to what might arise/ change and not just what is demanded at the moment.

This demands a creative/complex thinking style that tolerates making tough decisions under a great deal of uncertainty, while also striving to set standards and control in place to manage this uncertainty.

CEOs and COOs face similar longer-term challenges. Integrating strategy across units and implementing it requires attention to analysis

at high-level detail and results that are both “plan-driven” as well as open to recognizing and responding to change.

For CEOs and COOs, however, the “call to action” comes much quicker. By training and by instinct, they focus on strategic issues. And by custom, CEOs and COOs have more control over situations than CIOs.

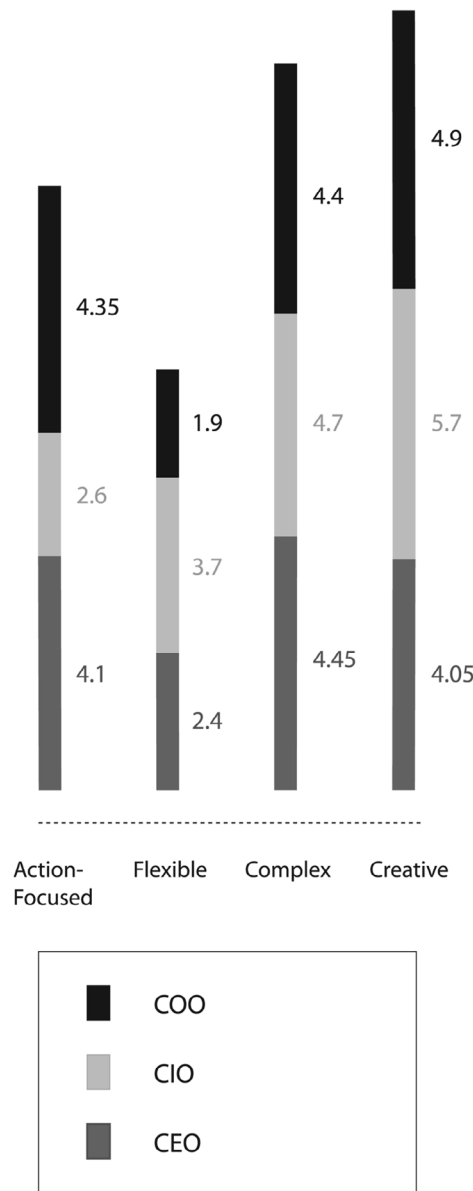
CIOs, on the other hand, face incredible and endless changes in IT systems and developments. In essence, they spend their careers responding to tactical challenges where there is typically less room to maneuver, fewer practical options and hence, less control.

The accompanying diagram delineates how the open/flexible tendency of CEOs and COOs is much lower than the open/flexible tendency of CIOs. This, combined with the fact that under pressure, CEOs and COOs move into action-focus sooner, gives strong indications as to how CIOs differ from CEOs and COOs.

Firstly, CIOs are more analytical and secondly, more susceptible to adapt than to steer. This stems from the fact that external and internal organizational demands

on CIOs to make their organization respond to the needs/drivers of others gives them little choice but to resort to maximizing and open/adaptive problem-solving styles.

THINKING STYLE



EMOTIONAL COMPETENCIES

Another significant factor in the behavioral mix is *emotional competency*. Essentially, an emotional competency is composed of feelings and motivations that give energy and direction to our behaviors. We term them “competencies” because they influence directly and importantly the ways in which we go about performing work assignments, and the intensity of effort that we bring to our work when coping with environmental pressures and demands.

The six emotional competencies relevant to the issue at hand are:

- **Ambiguity Tolerance** [handling uncertainty; dealing with the unknown and unclear]
- **Composure** [emotional stability in face of adversity]
- **Confidence** [self-assurance and ambition]
- **Empathy** [capacity to understand others – and self]
- **Energy** [sustained ability to handle complexity]
- **Humility** [lack of personal ego investment]

COOs, CEOs and COOs share similar profiles of emotional competencies, much like they do for leadership styles. So, the quick answer to the question, “Do CIOs have the right emotional

competencies to move into CEO/COO positions?” is firmly, yes!

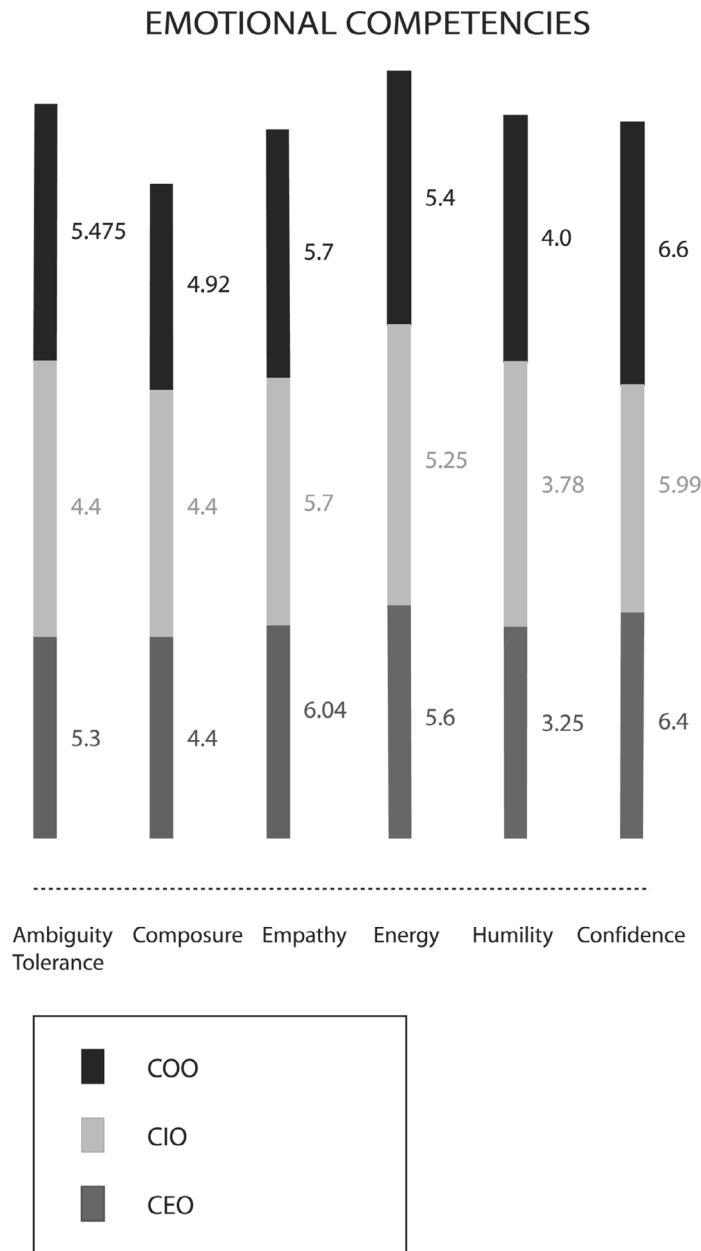
Not surprisingly, the highest intensity competencies demanded are Confidence, Empathy and Ambiguity Tolerance for all profiles. Ambiguity Tolerance and Confidence show the largest variation between CIOs and CEOs/COOs. Humility shows much less variation.

Let’s look briefly at these three competencies:

Ambiguity Tolerance: CIOs, when compared with CEOs and COOs, generally tend to bring a lower degree of tolerance for ambiguity. This is likely because successful CIOs recognize the drive and need for technical standards, as well as the push from internal organizational units for integration of complex IT systems and processes. As a result,

they generally work toward reducing ambiguity.

In comparison, CEOs and COOs can and usually do tolerate a higher degree of ambiguity since they often



“hold the keys” to decisions should ambiguity become too great for themselves, the organization or its internal/external stakeholders.

Confidence: The confidence required of senior executives is high across the board. Interestingly, CIOs on average demonstrate noticeably less confidence than their CEO/COO counterparts. There is a nearly invisible line between demonstrating and actually having more “self assurance” (one factor in our emotional competency measure). For CIOs to advance, they must first demonstrate more self-assurance. It is important to note that ambition can play a positive role in this process. CIOs must be clearer in their ambition to rise to CEO/COO levels. Boards seek clear evidence and demonstration of ambition when grooming and choosing new CEOs.

Humility: Humility refers to a person's willingness to adapt to different people and/or circumstances and to modify his or her own behavior without becoming personally ego-invested in seeing things in a particular way, or in doing things always in her or his personally preferred way.

The profile of senior executives is often one of lower humility. Though all may be socially adept at bringing their agenda forward (i.e.,

social/participative Leadership styles), they are all considerably ego-invested in their agendas for

reasons too numerous and unique to each individual to list practicably here. CIOs, CEOs and COOs cluster tightly around this factor, which indicates a good fit for CIOs moving to general management and perhaps to the C-level executive suite.

BUT IS THERE A GLASS CEILING?

The “glass ceiling” is no more or less real than the sound barrier – both exist and are made to be broken. But the challenges facing upwardly mobile CIOs are quite real. Undoubtedly, some of the barriers hampering the rise of technology executives are self-imposed. For example, focusing narrowly on the needs of IT can be a serious impediment to promotion.

One Paris-based executive who has held a variety of C-level positions suggested that the antidote to this type of self-limiting tunnel vision is simple: “Step away from the comfort zone of technology. Get to know your company

so that you can add business value. And stop worrying about IT.”

But can a CIO reasonably expect to move into a CEO or COO spot? The good news is: yes, with

Ken Beyer, a technology executive who rose to become CEO of MortgageRamp, offers this advice for CIOs seeking further promotion:

- Seek out situations where you can demonstrate measurable business results – more specifically, revenue-generating opportunities. The “glass ceiling” is the image of the stereotypical CIO who only has a supporting role. It is important to be seen as someone who brings in money. Demonstrate your value as a businessperson, and your ability to interface with the customer and sell.
- Improve your people skills. True process engineering requires more than just knowledge of processes and IT; it also requires knowledge of people.
- Thoroughly study financial statements to get deep understanding of how businesses work. Many CIOs haven't spent much time developing knowledge of their company's financial structure.
- CIOs typically only get to interact with board members when a major IT project is under consideration. CIOs aspiring to become CEOs should seek additional opportunities to interact with board members and with customers.

some assistance. In terms of leadership style, most CIOs are already primed and ready for the move. But it is safe to say that for most CIOs, thinking style remains a challenge to be overcome.

RECOMMENDATIONS

To gain promotion, CIOs will need to become more action-focused and less analytical. They must let go of their tendency to engage in “what-if” thinking. They must become more comfortable with setting the course of action and then communicating it to others.

For MortgageRamp’s Beyer, the biggest adjustment was “moving from having a manager mentality to becoming a true leader.” Leading a technology team was very comfortable, he recalls, “because I could relate to people in IT.”

By contrast, holding a leadership role in a real estate enterprise involved learning to motivate people who are not only older, but also more experienced in their field.

“To ramp up, I read a lot of business books and – practically speaking – surrounded myself with people I considered smarter, so that I could rely on their insight and experience. I also focused on increasing the volume of formal communication with employees through weekly e-mails and brownbag lunches.”

Dawn Lepore, a former CIO and Vice Chairman of The Charles Schwab Company, is currently President, CEO and Chairman of the Board at Drugstore.com. She takes a practical view of the challenges facing CIOs aiming for higher posts:

“I think there are lots of ways to reach the CEO position. I am not sure that CIO to CEO is any

different than any other path. The most important characteristics are your abilities to learn and lead.”

SUMMARY AND CONCLUSION

C-suite executives share most of the behavioral qualities that are generally held as critical for success in business. Technology executives diverge from the pack in small but significant respects. The most obvious differences between CIOs and other top executives are:

- The speed at which they arrive at decisions when placed under pressure.
- The manner in which they communicate their decisions to the people around them.

CIOs aspiring to become COOs or CEOs must evaluate their capacity for behavioral change. If the CIO is confident that such change can be made, then he or she should focus on developing a leadership style that more closely matches the action-oriented style of the most senior executives and eschews some of the more analytic qualities that are commonly associated with successful technology executives. The CIO must adopt the attitudes and styles of strategic leadership, and be willing to leave the tactical details to others.



Mark Polansky is a Senior Client Partner in the New York office and Leader of the Information Technology Center of Expertise in North America.



Simon Wiggins is a Senior Client Partner in the London office and Leader of the Information Technology Center of Expertise in Europe.

About Korn/Ferry International

Korn/Ferry International, with 70 offices in 35 countries, is the premier provider of executive search, outsourced recruiting and leadership development solutions. Based in Los Angeles, the firm partners with clients worldwide to deliver unparalleled senior-level search, management assessment, coaching and development and recruitment outsourcing services through its Futurestep subsidiary.

For more information, visit the Korn/Ferry International Web site at www.kornferry.com or the Futurestep Web site at www.futurestep.com.

© Copyright 2005 Korn/Ferry International