NetworkNews

BEST PRACTICES FOR STAFF RETENTION

- Deliver to employees what you expect the same.
- Treat employees with
- what motivates each
- professional development. Reward good performance. Promote & reward risk
- employee successes. Establish an "open door"

ROUNDTABLE ROUND-UP

by: Katie Koeller, Director, Marketing Communications

M. Wood Company was the host to its first MWC Roundtable Friday, March 6th at the Union League Club in Chicago. CIOs from financial services, healthcare, insurance and manufacturing businesses attended the breakfast to discuss the issues of recruiting, compensation and staff retention of IS personnel.

> *According to the US Department of Commerce, in the next seven years, US companies will require one million new IT professionals. However, the pool of Computer Science graduates has shrunk by over 40% in the last 10 years.*

Milton Wood opened the session by stating the role of the CIO has changed. "Today for a CIO to be successful he or she must be a visionary and a leader." In his remarks, Wood, discussed the importance of the technology executive to communicate to the IS organization the department's mission and be sure it is consistent with the company's vision, objectives and culture. It is critical to the success of the CIO and IS function that a demand for excellence and quality standards are established. Taking these actions, will foster an environment for developing staff objectives and individual professional development plans. Opportunities to discuss these topics throughout the year with staff members will build better channels of communications and improve performance. "Strategic leadership, measurements for success and staff development opportunities go a long way to building a productive organization and improving staff retention," said Wood.

John Poracky, M. Wood Company Partner, began a discussion on how the CIO needs to develop relationship with the HR organization. He said, "As a corporate leader, making the HR Department aware of the high market demand for IS professionals is imperative". Participating executives acknowledged the incredible competition for qualified people causing an upward market pressure on salaries. Eileen Reddington, United HealthCare commented, "Today when you are recruiting, a company needs to have competitive salaries and show there are professional development career building opportunities."

Poracky then opened the discussion on the issue of staff turnover. He shared the most common reasons for contributing to turnover are poor company leadership, limited professional growth, lack of recognition and compensation. Compensation is not only an issue that contributes to organization turnover, but it can become an issue between the HR and IS functions. Poracky spoke of the importance of the IS organization taking the leadership role in the recruiting process by initiating a partnership with HR to address issues that relate to recruiting, retention and compensation.

Addressed by: John Poracky, Partner

INDUSTRY PROFILE: A $1B national financial services organization. To concentrate on the business's global initiatives, the company divested itself of one its non-strategic business units.

POSITION: Chief Information Officer

BUSINESS ISSUE: The Company retained M. Wood Company when it was in the process of a divestiture. The surviving organization was left without an IS function. Before a CIO search could occur, there were short and long-term strategic issues that needed to be addressed.

ISSUES TO BE ADDRESSED:
As part of M. Wood's consultative approach to recruiting, we partnered with the COO to address several strategic issues prior to approaching the CIO search:

Short term - Review alternatives and recommend how the Company could keep their current systems running. Evaluate outsourcing activities and who may be viable vendors. Determine the feasibility of the acquiring company maintaining the systems in the interim. If so, how long? And terms of the agreement?

Long term - The corporate headquarters was moving from the southeast to a major east coast city. Where should the new IS organization reside - in the headquarters' city or a neighboring suburban location? What is the skill set required for this CIO position? What type of IS organization is required to address and support the business needs?

PROJECT ACTION:
- Identify, evaluate and recommend short term alternatives for the IS function.
- Advise and assist the COO in outsourcing alternatives and options? What should be outsourced? What are the non-value added utilities, etc.?
- Educate the COO of the skill requirements of a CIO in this new organization. The CIO needed to be less of a technical expert but rather possess strong leadership, project and general management skills with a strong strategic focus.
- Conduct a market analysis to determine and recommend where the new IS organization should be located. Factors to consider would include staff availability, compensation, attractability, cost of living, etc.

RECOMMENDATIONS:
- Redefine the CIO position description to support the needs of the organization. The individual would require a combination of strategic and general management skills with strong hands-on, technical understanding.
- Provide a plan of action to decentralize the IS organization and suggested suburban communities that would provide an employee population that could support the business needs.
- Recommended alternatives to outsource the non-valued added utilities (i.e. help desk, data center, etc.).
- Suggested the creation of a development team to coordinate corporate planning activities with the functional positions in the IS organization (i.e. business analysts).

SUMMARY: M. Wood Company worked with the senior management team to help resolve many IS business issues that were associated with the business divestiture. The immediate needs were identified and addressed before the search for the CIO was pursued. By identifying and addressing the Company's short and long term issues, M. Wood completed the groundwork for the new the CIO to plan and implement the organizational development strategy. Recruiting a CIO with the right skills for this position also would attract the right team members to get the new IS organization up and running.

Mark Your Calendar!

M. Wood Company will be hosting the MWC NETWORK roundtable breakfast session **Friday, June 12, 1998** at the Union League Club in Chicago.

The session will be held from 8:00am – 10:00am and focus on **IT OUTSOURCING.**

- Trends in outsourcing
- Outsourcing core competencies - pros and cons.
- Vendor metrics to measure price performance.

You will be receiving an invitation in the upcoming weeks. Please contact Katie Koeller, Director - Marketing Communciations, at 312/368.0633 if you have any special requests or questions.

By: Milton Wood, President/CEO

> *Harry had been the CIO for more than two years. During this time the Information Technology function had implemented some major new systems. Then one day, out of the blue, he was gone. What happened to Harry?*

Turnover in the Chief Information Officer (CIO) rank is far too common today. For the past twenty-five years, I have worked with CEOs across industries, to recruit CIOs onto their management teams. One of the first questions I ask the CEO is, "Why did the previous CIO fail to work out?" The most common responses are:

- Lack of staff leadership and development.
- Failure to develop and implement a performance appraisal system
- Failure to bring about the changes the company hired the CIO to initiate and implement.
- Failure to understand the corporate metrics which determine success and failure.
- Inability to sell and justify initiatives to the executive team and secure the necessary funding.

Moving into the CIO ranks requires more than technical skills. Many CIOs have spent their entire career in technology positions focusing on planning and implementing new technologies and keeping current with technical knowledge. Today, CIOs need to demonstrate leadership and possess strong people management, communication and interpersonal skills to be successful in their role.

I recall one client sharing his frustration, "The CIO is a great person, but he cannot do it all himself. His staff does not get it! Worse yet, he did not seem to be doing anything about the situation." The CIO must establish clear objectives for the IT function and performance expectations for the staff. Having to make tough staff decisions when individuals are not meeting organizational goals is a difficult part of the CIO responsibilities.

Managing senior management expectations and delivering on business objectives are crucial to all executive positions – including the CIO position. Assuring the staff has the technical competency is equally important. Failing to recognize this is the undoing of many IT officers. Establishing yourself as part of the team and building relationships within the organization is as every bit as important as technical

competency and delivering projects on time. Ninety-nine percent of the time, having your new system implemented on-time and on-budget is the last of your worries. Many CIOs have spent hours defending their honor on how they are perceived in the organization. Remember the executive team's perception of IT is your reality! No matter how well you think you are doing, and you may actually be doing well, it can soon be over if the corporate metrics say otherwise.

Another potential pitfall for many CIOs is their belief the funding for new initiatives has been approved prior to their arrival. Suddenly, they find themselves in a debate about funding allocations and become frustrated. Some CIOs fail to understand in their discussions with the CEO, he may be sharing a vision of what the IT function needs to accomplish to support the organization. This does not mean the project is either finalized or funded. Achieving that vision will require you to develop and implement a plan to accomplish it. Your plan needs to outline the objectives, the specific deliverables, detailed time frames, funding requirements and business value.

The senior management team will evaluate the IT plan along with other business initiatives in the funding approval process. Be prepared to sell your ideas by articulating the business benefits. Failure to do so will prevent you from bringing about the changes they hired you to achieve.

Understanding corporate metrics, delivering what is expected, and managing expectations, is part of all executive's responsibilities, including the CIO. Ask yourself the following questions:

- Is the CIO function aligned on the same level with

  how do you communicate IT's successes and receive feedback on its' shortcomings?
  Are your IT goals and objectives consistent with your company's overall plan?
  Has your staff been trained and made aware of those metrics, goals and objectives?
  Have you developed and maintained a consistent performance appraisal system for your staff?

If you answer no to any of these questions, you could be Failing to recognize these issues, as Harry found out, has been the undoing of many CIOs. To be

champion and your ideas. This ultimately may mean spending eighty percent of your time managing senior mangement's

bring your strategies to fruition.

Roundtable Round-Up
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Mr. Poracky offered a few suggestions on how IT can close the information gap.

The Information Technology Association of America reports one IT position is unfilled for every 10 employees. That translates to more than 190,000 vacancies in the United States and its growing.

- **Help HR Bridge Salary and Market Information Gap.** More than 45% of companies in 1997 paid signing bonuses to new recruits. Competition for qualified employees creates bidding wars and can bump salaries 25-50% over traditional levels. With these dynamics, comparative data on salaries is surprisingly sketchy. Companies should not rely on a single published salary survey. IT should work with HR to create a reliable salary benchmark by collecting articles, trade information, geographic surveys and other qualified sources to add to the information pool.

- **Work With HR To Develop Job Specifications.** No one knows the position(s) requirements better than the function who is executing the day to day responsibilities. Find out from your HR department how positions are graded and what criteria HR requires in a job specifcation to establish job rankings.

- **Ask HR What Staff Development Programs/Training Are Available.** The more you know about training and development programs your company has to offer -- the better. It will help in the recruiting process and also build the IT staff's professional development goals. Investing in your staff will have dividends for the future for both the individual and the organization.

- **Include HR In The Recruiting Process.** Including HR in the process will help them understand the organizational demands. It will also help CIOs and their management team to become familiar with the company's hiring policies and practices. Old HR policies and outdated recruiting methods do not work anymore. Working together, companies can devise innovative staffing strategies to recruit the best IT professionals.

Attendee Kevin O'Neill, CIO Pinnacle Bank agreed. "CIOs must not be afraid to step out of the box to find the staff you need to support the organizational objectives. However, by partnering with your HR organization and not going around them, will improve the results you are seeking."

ASK MWC?

*Q. **Where do you think IT staffing is headed in the next 5 years?***

If you would like to submit a question to be answered in ASK MWC, please write or email to:
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A. **Shortage of IT personnel will be worse for three reasons:**

1. Colleges are turing out less IT degrees than five and ten years ago.

2. Even though the Year 2000 issue is mostly resolved, all of the backburner systems and projects that are currently on hold will come to the forefront. There will be a big demand for skilled IT professionals to address those issues.

3. The technology curve is exaggerated. What took twenty-two months now takes nine. With new technology coming out so quickly, individuals need to be trained in order to accommodate business needs to put these systems in place. Because of these issues, the IT staffing issue is going to be compounded. Organizations need to start marketing IT opportunities (both internally and externally).