

## You're the CIO! What's Next?

By: Jane R. McCarthy

Director Executive Search & Organizational Development

As a MWC NETWORK member, you have most likely experienced M. Wood Company's expertise in working with candidates to map their career paths. Considerable data is available, both quantifiable and anecdotal, that points all of us to the same conclusion – *The most highly trained, talented, and successful executives are managing their own careers.* But as a senior executive, you must already know that! Hard work, training and intellectual capacity have allowed you to successfully assume your current challenges as the CIO for your organization.

Many organizations expend considerable resources on succession planning and training – seeking to retain, groom and promote talented high profile employees. One would suggest you probably spend a healthy portion of your time mentoring staff, aligning skill sets to existing tasks and planning for future challenges. But how much time are you devoting to your own career planning?

Through our experience, M. Wood Company has identified the three most likely paths that today's CIO is apt to take.

1. **CIO, Extraordinaire.** Congratulations! Your goal was to head your own IT organization. Now that you are there, you challenge yourself to be the very best. Is IT positioned as a strategic function of the business? Are you seated at the table when the most critical decisions are made? Do you influence the organization by integrating the advantages provided by today's technology to meet the priorities of the business?
2. **CIO, Value-Added.** Since IT is a strategic function that crosses all areas within an organization, if positioned correctly, you should have a firm grasp on both the strategic direction of the business and significant role IT is playing in that strategy. The knowledge and experience derived from heading the IT function positions you for additional roles and responsibilities. You may assume increased responsibility within your current organization; perhaps overseeing a functional area or an additional administrative or staff function. Or maybe its time to evaluate your growth in terms of size or scope. Have you thought about a larger company or a company with increasing technology demands? Could you add texture to your resume by having been successful in more than 1 or 2 industries? How open are you to change and exploring new opportunities?
3. **Executive or General Manager.** Today's successful executive needs to determine and manage multiple priorities across his/her organization and respond decisively to the challenges of limited resources and a rapidly changing marketplace. That is the challenge of people, process and tools. Our almost 30 years of experience working with both IT professionals and executives has convinced us that IT is one of the ideal training grounds for general management. In your role as CIO, you operate in a cross-functional arena, which presents you with the ideal opportunity to identify business issues and strategies and maximize an efficient solution through process and people.

## THIS ISSUE

- **ASK MWC**  
Critical Success Factors - Part 1 of 4
- **CASE STUDY**  
Electronic Commerce
- **FEATURE ARTICLE:**  
You're the CIO!  
What's Next?

## Message From the President

We at M. Wood Company have a strong belief that executive management and leadership are industry independent. Many times, true strategic breakthroughs occur by borrowing a best practice from one industry and applying it to another.

The objective of MWC NETWORK is to help provide our members with additional resources and tools to facilitate your success as a CIO. We welcome our members who have a core competency in a certain area, to speak at an upcoming roundtable session or author an article for NETWORKNEWS. We look forward to your continued participation and any suggestions as to hot topics you would like to see addressed.

All my best -  
Milton M. Wood  
President and CEO

*Addressed by: Milton M. Wood, President and CEO*

### INDUSTRY PROFILE:

As part of a new corporate strategy, a leading Midwest medical insurance company is aggressively pursuing growth by penetrating multiple states and offering new products.

### ISSUES TO BE ADDRESSED:

- As a result of this strategy, a new position, National Director Electronic Commerce was created. The goal of the new position is to develop an alternative distribution channel using electronic commerce as a vehicle for existing and new products including channel strategy, joint venture relationships, and the innovation of new products and services the Company should be offering.
- M. Wood partnered with the Chief Marketing Officer to consider several criteria for the channel: long term staff retention and stability, definition of first year and future deliverables, opportunities for individual and company growth, culture definition, etc. It was critical for M. Wood's team to be intimately involved with the company not only to understand the dynamics of the current needs, but also structure the position to guide the channel into the future.

### THE PROCESS:

- Our consultative process allowed M. Wood's team to define not only the current needs of the organization but address the strategic growth initiatives such as future of the channel (i.e. SBU), revenue targets, competition with existing channels, and much more.
- M. Wood's strong background in technology along with experience in start-up business units proved valuable in developing the search specification. The specification kept an eye towards the specific technical and organizational issues, in addition to outlining key marketing attributes.
- Aligning the position within the marketing function brought unique challenges. There are two important pieces to leverage.
  - Knowledge of electronic commerce and best practices to successfully communicate with IT to build the channel. Identify resources that are available and needed.
  - Marketing communications experience. Ability to develop the business plan, but utilize marketing techniques to bring revenue into the channel (i.e. direct and channel marketing).
- The assessment phase of the process brought candidates with varying degrees of functional and industry experience. M. Wood partnered with the Company to conduct a skills assessment of the current organization and determine the "right" fit for the culture and current deficiencies; not only looking at today, but the future of the company and its new channel.

### SUMMARY:

- A successful candidate was secured. This individual not only brought a balance between the dynamics of electronic commerce and marketing, but also had a strong business background to position the channel for future growth.

## MWC NETWORK WELCOMES

M. Wood Company is pleased to welcome the following new members to MWC NETWORK.

- **John Cheek**  
2nd Vice President  
Great American  
St. Louis, MO
- **Karim Hadchiti**  
VP / CTO  
Shopping 4 Sure  
Norwalk, CT
- **Catherine Maras**  
CIO  
Cook County  
Chicago, IL
- **John Niemzyk**  
VP / CIO  
Favorite Brands, Intl.  
Lincolnshire, IL
- **Howard Sundwall**  
CTO  
Comm. Test Design, Inc.  
Westchester, PA
- **Rodney Weeks**  
CIO  
Dayton Power & Light  
Dayton, OH

Please contact Katie Koeller if you wish to contact any of our members. We are in the process of developing a membership directory to help facilitate contact between members. Please forward any suggestions or requests you would like to see in this publication.



## You're the CIO! - Continued from Page 1

In this issue of Network News we will explore the 3<sup>rd</sup> path, the move to General Management. Due to M. Wood Company's consultative approach to executive search, we have not only been an active partner with talented executives as they made that transition, but also have worked with the many companies to recruit new executives. From this experience, we are able to share some important guideposts.

- 1. In your role as CIO make sure you are a business partner.** One of the members of the MWC NETWORK who successfully made the transition from CIO to general management is Charles A. Price, Senior Vice President for Providian Financial Corporation in Louisville, Kentucky. Price commented on his philosophy. "As a CIO, I always took the position that I was there to provide solutions to the business problems and then align IT accordingly. Given that perspective, it is pretty easy to get a feel for what goes on in the operating units and to get close to the methodologies."

Another MWC NETWORK member, Karim Hadchiti, Vice President and Chief Technology Officer of an internet company, Shopping4Sure, took the opposite approach – moving from general management (VP Operations) to the CIO role. When asked to compare and contrast the roles, Karim volunteered, "The best (executive) is someone who has been exposed to other areas of the business. This exposure helps the executive understand how technology works with other pieces of the business." He added, "As a general manager you have to understand technology; how it integrates and affects the different parts of the business. As a technology manager you may be swayed into thinking just about technology and sometimes not taking the business issues into account. You may be hung up with making sure your technology is sound and perfect at the expense of running the business."

The M. Wood Company conclusion: ***Whether as a CIO or general manager, be a good businessperson who uses technology as an enabler.*** Do not pride yourself on a reputation of being the technical expert.

- 2. Don't overwhelm others with "techno-speak".** This is a natural extension of the last point - being a businessperson first. If you are serious about making the move from CIO to CEO or COO, you need to be perceived as being able to clearly understand and communicate problems and solutions – from all areas of the business. No one ends up being the leader if the rest of the organization cannot understand the answers or alternatives you provide.

Price volunteered this advice, "Leave the jargon at the door. Try to understand each function's needs by what they are saying – in their language. By taking this approach, you gain a basic understanding of the organization piece by piece. When the time comes to move into managing that operation, because you listened and provided a creative solution that was stated in business terms, you will be readily accepted." The M. Wood Company conclusion: ***Develop and utilize good communication skills to become a leader who is easy to follow.***

- 3. The problem-solving process and systems analysis expertise are valuable assets that a CIO brings to general management.** As you plan for a general management career, one of the challenges is "how do I prepare to manage departments or operations whose functions are unknown to me? As a new General Manager, how do I get smart, quick?" Use of the problem-solving skills that helped you succeed as a business partner CIO is a key ingredient. The use of business analysis techniques is also very important. By applying these skills through your career in IT you possess the ability to manage people, process and technology. Karim Hadchiti commented, "On the macro level you need to understand what needs to be done. Then if you hire the right person to get you where you need to go and you understand how the pieces fit, you'll be able to eliminate redundant processes, streamline the operation and improve overall efficiency. Take the time to hire good people because that is where the difference is going to be." Charles Price's comments emphasize the process piece of the transition, "Most CIOs know how to ask questions that give specific answers to write specifications and make the systems work. They know the process and how to recommend a solution. Once you have acquired the knowledge of the operating unit from a systems perspective, you can run them as long as you are a good manager." The M. Wood Company conclusion: ***Continue to develop and use your process, problem-solving and people skills.***

If this is a career path you've chosen, to become a General Manager, COO or CEO, you will need to actively manage your career with that purpose in mind. What steps will you take this week to add to your credibility as a business problem-solver within your organization? How can you use your current talents and abilities to bring value to your company? What specific general management position are you targeting? M. Wood Company's experience and expertise can be an invaluable resource as you wrestle with these and other aspects of your career planning. The path you take and where it ends depends on your planning and actions. Respected CIO? Talented contributor? Headed to the corner office? What's next for you?





*NETWORK NEWS*, the voice of MWC NETWORK, is published four times per year by M. Wood Company, 10 North Dearborn Street; Suite 700, Chicago, IL 60602; phone (312)368-0633; fax (312)368-5052; <http://www.mwoodco.com>.

**President/CEO**

Milton M. Wood  
*mwood@mwoodco.com*

**Partner**

John W. Poracky  
*poracky@mwoodco.com*

**Principal**

John Trakselis  
*trakselis@mwoodco.com*

**Editor**

Katie Koeller  
*koeller@mwoodco.com*

Please forward any comments or suggestions to Katie Koeller - Director, Marketing Communications at: [koeller@mwoodco.com](mailto:koeller@mwoodco.com).



**NEXT ISSUE**

**Part 2 of 4: Ask MWC:**  
 Critical Success Factor #2 - Time Management



**Ask MWC?**

Since the commencement of MWC NETWORK, we have been continually asked questions on how one can position themselves as a successful CIO. This issue of *NETWORK NEWS* is focused on providing a foundation of things to think about regarding your career progression.

Over the next several issues, we will highlight 4 critical success factors (CSFs) for corporate CIOs. Each issue will provide probing questions for you to think about. Our first CSF is **EXECUTIVE ACCEPTANCE**. As cited in the Fall, 1998 issue of *NETWORK NEWS*, the CIO of today is very different from 10 years ago. Today's CIO must have vision, be strategic and a thought leader while understanding the business issues and strategic initiatives of the organization. Through our experience we have seen many CIOs who have the skill sets, but do not align themselves within the organization in order to succeed. The critical part of this alignment is being recognized as a strategic partner in the company. Things to think about:

1. **Professionally, Socially & Culturally:** Do you fit well into the culture of not only the organization, but the executive team? Have you developed a communication strategy with your boss?
2. **Push Innovation:** Have you suggested and implemented ideas that have brought value to the bottom line (i.e. new channels, strategic alliances)?
3. Have you written **strategic IT plans** which allow technology to be a strategic part of the business initiatives? Do you know in detail how your two biggest competitors are using IT for competitive advantage? Are you aligning your IT department as a possible revenue producer?
4. **Do you have a seat at the "big" table** when strategic decisions are made? Are you invited to top-level strategy meetings? Is IT considered a tactical or strategic part of the business?
5. **Turn Fat Into Muscle:** Is all your staff aligned with your strategy? Do they have the skill sets needed to succeed? Are there people who are dead weight? What are you doing about them? Outstanding performers do not work well in a culture where leadership accepts mediocre performance.
6. **Publish IT "Wins" to the Company:** Have you showcased IT's participation and leadership in saving \$X to SG&A? Did you quantify to management the value of your IT initiatives and the effect they had on the bottom line? (e.g. by developing a customer information data warehouse we armed our sales force with current client information that increased sales by 13%.)
7. **Healthy Distaste for Status Quo:** Do you accept the saying "that's how it's always been done"? Do you consistently question the ways things have been done in the past? Push process efficiencies not just process improvements.

**OUTSOURCING SERVICE LEVEL MANAGEMENT**

**Technical Service Level**

- Operations
- Hardware/Software Quality
- Network Availability
- System Availability

**Business Performance Measures**

- Customer Adherence
- Price-level Expectations
- Customer Satisfaction
- Vendor Management

## ROUNDTABLE ROUND-UP

**By: Katie Koeller, Director Marketing Communications**

M. Wood Company hosted the second MWC NETWORK roundtable breakfast on Friday, November 13, 1998 at the Union League Club in Chicago. CIOs from financial services, healthcare, manufacturing, public sector and professional services attended the breakfast to discuss IT Outsourcing Trends, Issues and Barriers to Success. Jeffrey Cohen a practice leader from KPMG Consulting was the guest speaker and facilitated interactive discussions in several areas: the outsourcing process, vendor management, effects on internal staff, best practices/case studies from multiple industries, IT strategy, benchmarking, and cost categories.

### The Outsourcing Process

Cohen began the session discussing the outsourcing process. He emphasized for outsourcing to be a cost effective option, it is crucial that the relationship between the company and the vendor be beneficial for both parties. "Not only must the relationship with the vendor be a win/win, but also scalable" spoke Milton Wood, President and CEO of M. Wood Company. In addition to this relationship with the vendor, Jeff Reinke, CIO at American Seating Corporation elaborated further on the importance of not only having a good outsourcing process but that it also be analytical. Cohen concurred and added, "Not only do CIOs need to develop a specific and detailed scope but vendors need help in understanding the

**"70% OF OUTSOURCING CONTRACTS HAVE BEEN RENEGOTIATED WITHIN FIVE YEARS" Jeff Cohen**

requirements."

Typical methodologies, timeframes and specifics of the process were outlined in addition to getting into some of the specifics of the contracts. "CIOs must plan for growth and build flexibility into the contracts. The need to add hardware and software and tie in new scopes of services together are important," said Cohen. Exit strategies, termination for convenience clauses, service level agreements and staff turnover are a major part of outsourcing contracts. Many times IT strategies are tied into internal cost. Be sure to look at services you may not be providing. Value derived may justify the incurred cost.

### Reporting Relationships

Reporting relationships for the outsourcing function were also discussed. A full-time owner from the executive team fosters

the most successful IT outsourcing relationships. "This owner should be a chief officer (i.e. CIO, CEO, etc.) on the enterprise level that can manage priority issues. A full-time owner embedded in the day-to-day activities will not work," stated Wood. The need for an experienced IT project leader is also crucial to success. It is equally important that one only attempt to outsource stable well-understood processes. "You cannot outsource what you cannot control", stated Richard Koeller, CIO for Chicago Public Schools.

A major area that many people overlook when a company decides to outsource is the impact on the existing staff. "Staff retention is a major problem during outsourcing. If you outsource, guarantee good people positions up front or secure their interim support through paying bonuses, etc." stated Cohen. The evaluation of existing employees should be based on their ongoing value to the organization.

### Service Level Management

Cohen then facilitated a discussion on service level management throughout the outsourcing process. One of the topics discussed was the importance of qualitative measures such as system response time. Mario Fabrizio, Vice President, Information Services at UnitedHealth Group (a subsidiary of United HealthCare) was careful to point out, "Measure the end result of what you want. You do not want to micro-manage the vendor on the service level agreement or it's a lose-lose situation". Another point which was discussed was the availability of public information in regards to best practices. This channel can also help you drive value into the contract in addition to utilizing outside resources such as consulting firms or industry groups.

### Reasons To Outsource

Finally, reasons to outsource were discussed. The most common reasons were:

- Lack of internal experience and expertise;
- Financial incentives to have better control of SG&A (due to rapid growth, current size or potential mergers & acquisitions);
- Inability to recruit and retain quality individuals; and
- The risk transfer from the company to the outsourcer.

The key to addressing outsourcing is looking at the business strategy. How can IT be an enabler to the business issue? Attendee Joe Conlon, Partner at IBM Consulting agreed. "CIOs must utilize outsourcing as a tactic to leverage the company's core competencies to solve the business issue." If you are outsourcing for any reason outside the direct line between business and IT strategies, you are off track.