

Elevating IT

The Questions CEOs Should Be Asking

Much has been written over the past few years about the eventual demise of the chief information officer (CIO) role. Our work with Fortune 500, mid-sized and emerging venture-backed or private-equity backed companies tells us that nothing could be further from the truth. If anything, the need for strong IT leadership is greater than ever, and the demands on CIOs only will continue to increase. Let us share with you some thoughts on where we believe the role is headed and what CEOs and boards of directors need to be thinking about going forward.

First and foremost, today the CIO is a critical leader in a corporation or a private entity. Virtually every company in every industry has a significant technology base — from airline and hotel reservation systems, to electronic medical records, to e-commerce systems, to factory-floor automation. These systems require constant enhancements, must be 100 percent reliable and, importantly, must be secure. Today's CIO routinely presides over technology and systems that were unimaginable only 25 years ago. The rapid pace of new technology introductions is only going to increase the trend toward automation, placing even more demands on the CIO. Businesses need a skilled CIO who can build or assemble these systems, and also make sure that they are reliable and secure.



Three major developments have converged to further increase the importance of the CIO role: cybersecurity, mobility and big data. Let's take a minute to explore the impact of all three on businesses and the role of the CIO going forward.

- > Cyber risks to businesses and other organizations are growing. Intrusions occur not just via traditional IT systems, but also through the ever-growing number of devices and systems connected to a company's network, including shop floor systems, email, public websites and customer portals. The consequences of a security breach can be dire, including regulatory investigations, loss of intellectual property, financial losses from theft or fraudulent transactions and damage to the company's reputation. Effective cybersecurity demands leadership from the CIO and vigilance on the part of the entire leadership team, including the chief information security officer, the CFO, the chief risk officer and the board of directors. Today, security requires a disproportionate amount of mind share and budget dollars, as the bad guys always seem to be one step ahead. Over time, new intrusion, monitoring and identification technologies will allow business to catch up, but the battle will be eternal.
- > Mobility is here to stay. The traditional work environment has changed. Going forward, fewer people will be housed in office environments, and many observers forecast that companies will have fewer permanent employees and more contract employees, who may or may not work on site. The challenge for IT leader is to ensure that information and applications are secure and accessible on whatever device employees and contractors are carrying, wherever they are in the world, any time of the day, 365 days of the year. The CIO must lead the development of new business applications that are "mobile-first" but have enterprise scale and security. Existing applications need to be transformed for a mobile environment, or the company may find itself challenged to recruit the next generation of employees.
- > Data will continue to transform the way that organizations understand behavior and treat customers in both commercial and consumer environments. As has been well-publicized by IBM, 90 percent of the data in the world today has been created in the past two years alone. The amount of data generated and stored is growing exponentially, creating untold opportunities to measure consumer and commercial behavior and changing the ways that companies go to market. The CIO, in concert with the chief data officer, not only must find the right storage vehicles and technologies to harness this data, but identify the strategic opportunities for the company to use data for competitive advantage — or risk being minimized out of the marketplace. Big data and the associated analytics technologies are perhaps the greatest game-changing opportunity for business since the rise of the Internet. Just as Amazon permanently altered the retail landscape, new entrants using big data and analytics undoubtedly will transform virtually every industry going forward.

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The CIO and the IT function are at the forefront of a range of the most critical strategic issues for business today. It takes a special set of skills to be a successful CIO today. The CIO truly needs to understand every facet of the company, the industry, the competition, the customer and how technology will change the industry and business going forward. The CIO needs to be a skilled leader who knows how to work collaboratively with the rest of the management team, hire and motivate a great team, and, importantly, become a catalyst for change. Few, if any, other positions in a company must interact with every other function, division and geography in a company. As such, the CIO must be a masterful leader, combining technology skills, strategic thinking and the operational skills to develop a vision for the business and implement the technology solutions that underpin it. CIOs who possess this set of skills will have a profound impact on their companies. CEOs will increasingly demand this skill-set in their CIOs, while those who don't may find their companies being left behind the competition.

More than ever, information technology must be elevated in organizations. CEOs must understand the ways technology will affect the business in the future — whether it represents a significant business model disruption, a tremendous opportunity to gain efficiencies and cost savings from automation, or the development of new sales, marketing and service channels. For most companies, technology should be on agenda of every meeting, and the CIO must have the business knowledge and technical and leadership skills to lead strategic discussions around technology and serve as a catalyst for change.

TECHNOLOGY OFFICER PRACTICE

Whether its advising an executive team on the market for cyber security talent, helping a corporation in digital transition hire its first chief data officer, or helping a CIO with her personal journey to land the right board seat, Spencer Stuart has been setting both the quality benchmark and the pace in technology and information officer search and advisory for 13 years.

We remain the market leader in CIO search, conducting on average 175 such assignments around the world each year. Our clients range from Fortune 10 titans in transition, to private equity investors seeking to turnaround an underperforming company, to rapid growth start-ups, across a range of market sectors and geographies. What they have in common, is an appreciation of the value of leadership, and a trust in Spencer Stuart's market knowledge and understanding of their unique culture to deliver lasting impact.

Clients most often engage us to advise on, or recruit, the following leaders:

- > Chief information or technology officer
- > Chief information security or risk officer
- > Head of application development/engineering/product development
- > Chief architect
- > Chief data officer/analytics leader
- > Chief digital officer

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At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

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