Kellogg School of Management

Strategies for the Next Generation CIO Leader

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Mark Jeffery and Mike Ligas
Center for Research and Technology and Innovation (CRTI)
Kellogg School of Management
Email: mjeffery@kellogg.northwestern.edu
Phone: 847-467-5509

Executive Summary

Although the business environment is constantly changing and the CIO's role in an organization has evolved over the last twenty years, the basic tenets of leadership are timeless. By better understanding the implications of classic leadership strategies on this changing role, CIOs can both provide better direction to their teams and become better strategic advisors to their companies' top leadership.

Harry Kraemer, former Baxter CEO and current Kellogg faculty member, believes that leadership can be boiled down to four behaviors: self reflection, balance, true self confidence and humility. Led by Mr. Kraemer, the KTSS S participants in August 2008 added depth to these insights by sharing a variety of personal and professional experiences. While the qualities of leadership discussed were not specific to the technology realm, by discussing them in a technology context they were able to identify common challenges and strategies for overcoming these challenges.

Senior IT executives from **ArcorMittal , Cardean Learning Group, CDW Computer Centers, Johnson Outdoors, Metropolitan Pier & Exposition Authority, Motorola, Northwestern Memorial Hospital, PepsiAmericas, and USG** participated in this event.

Self Reflection

Harry Kraemer believes that self reflection is the genesis of leadership. The understanding of why you are here and what your values are provides the personal direction necessary to become a leader. Furthermore, this awareness provides leaders with the insights necessary to make their actions consistent with their beliefs. Kraemer adds that self reflection is not only helpful in forming a long-term personal roadmap; it is also a useful tool in weekly time management.

The idea of the ultimate importance of self reflection has powerful implications for CIO team building. Developing leadership talent for the future within the technology function is near the top of the priority list for many CIOs. Furthermore, there seems to be a lack of true self reflection among many younger team members. "Some people think reading a book is self reflection," noticed USG CIO Jennifer Scanlon. Several participants sighted the role of adversity as a catalyst for self reflection. "Facing adversity forces a person to be self reflective; those who have not faced adversity are often narcissistic. How do you get people who have not forced adversity to be self reflective?" asked ex Motorola CIO Patty Morrison.

Several strategies for eliciting self reflection were discussed. One approach is to apply pressure along with coaching to elicit healthy self reflection in young leaders.

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"Putting young team members in ambiguous situations can help them learn," stated Mark Griesbaum, CIO of the Cardean Learning Group. Another part of the equation is creating an environment conducive to self reflection. As Northwestern Memorial Hospital's Tim Zoph recommends, "Give the permission to let people think about what they want out of work & life – respect diversity".

Balance

In terms of Kraemer's vision of leadership, balance is multi-faceted. First, it refers to life balance, a phrase Kraemer prefers over the often touted "work/life balance". Life balance means respecting your professional, family, community, and spiritual commitments. But leaders must go beyond rhetoric, offering team members a workplace that respects life balance while keeping a firm understanding that the team must deliver results.

Additionally, balance means utilizing the different perspectives of team members to make better decisions. "Alone, only 30% of my decisions would be the correct choice, but I can improve on this by balancing my decision making by soliciting my team for input," stated Harry Kraemer.

Finally, balance in leadership means accepting the challenge to meet several (often conflicting) performance objectives at once. Kraemer offers this CEO perspective: "The answer to the question 'Should I manage for the short term or long term?' is YES. Isn't 2008 not only the short term, but also the 5th year of the 2003 5-year plan?" This insight sparked some reflective comments from the participant group. Patty Morrison extrapolated, "Balance has implications for IT architecture. The answer to the question 'Should we optimize locally or globally?' is yes. IT flexibility and agility is crucial. Software is often too constraining." Mark Griesbaum agreed, "Too often we in the IT world want to be given a decision. Instead, we should set up a system to do both." Morrison wondered if IT priorities are part of the problem: "We spend too much time on transactional systems, focusing on infrastructure would support flexibility. The challenge is how to calculate an ROI on flexibility." Mark Barry, CIO Chicago Energy Technology, sumed it up by stating, "IT should deliver the flexibility to deal with an ambiguous world."

True Self Confidence

Harry Kraemer's "true self confidence" has important implications for both team members and team leaders. Kraemer defines "true self confidence" as "believing, without doubt, that with the right team anything that is possible can be accomplished". It also means that the leader is transparent in his or her decision making. "True self-

Profile in IT Leadership #1

Ellen Barry, CIO of the Metropolitan Pier & Exposition Authority

The Goal

Deliver world-class IT service at a leading convention center.

The Challenge

Overcome the misconceptions that 1) the public sector can't deliver a first-class customer experience and 2) the IT department can't deliver a great customer experience.

The Strategy

- Convince leadership of a vision of IT enabling new revenue streams and an improved customer experience

- Convince the IT staff where their check comes from

- Bring the IT network function in-house

The Result

A technology-enabled convention center prepared for today's multimedia convention experience. An infrastructure prepared to support new revenue streams such as disaster recovery service.

Tim Zoph, CIO of Northwestern Memorial Hospital

The Goal

Build a new hospital that will use IT to deliver a customer experience unlike any other health care facility.

The Challenge

The capital investment required to build a large, cutting edge facility means that the building will have to support the IT needs over the next 80 years.

The Strategy

- Invite himself to every early construction meeting to see that IT needs are properly considered

- Become a "standards czar"

The Result

A cutting edge care facility that utilizes multiple information & communication technologies to deliver service recognized nationally as best in class.

confidence means I don't have to be right," states Mr. Kraemer. This approach encourages participation by team members, resulting in better decisions.

However, for the team member, "true self confidence" means that responsibility for good decisions does not rest solely with the team leader. "The effort to lead up is critical," states Kraemer. In fact, "too many people give up too quickly instead of fighting respectfully for the right answer. Leaders don't stand on the sidelines of an important issue that they think is being mishandled." Kraemer continues. The general message Kraemer offers is, "Don't wait to be invited, instead, invite yourself".

Genuine Humility

In leadership, having "genuine humility" is the critical component to respecting every member of your team as a human being. Harry Kraemer specifies "a leader [with Genuine Humility] is unbelievably aware that they are no more important than anyone else on the team." When Kraemer reflects on his own experience as a CEO, he states, "A leader understands the role that timing and luck played in his success." Humility is more than just a pleasant quality of a leader; instead it is a prerequisite to sustained leadership. "Without humility and self reflection, a leader will believe those who tell them how good they are. Pretty soon, they don't think they need their team anymore." This in turn leads to poor decisions, weak teams, and ultimately poor performance.

Advice for CIO Leadership

While Mr. Kraemer believes that the qualities of a good leader are universal, he did have some important insight to offer in terms of what he looked for from his IT leadership while at Baxter. He sums it up with a simple question, "Do you want to be a tremendous, productive IT professional, who works for Baxter, or would you rather be a business leader at Baxter, who happens to know a whole lot about systems? If the former, I'll call you on anything that seems like a technology issue. If the latter, you'll be a part of the network of twenty-five diverse people who run our company". From this perspective, an IT leader who aspires to help lead a company should work to develop a global perspective of the company. States Kraemer, "[getting a global perspective] doesn't necessarily mean you change your job all the time, instead it means that you build your network across divisions, [and] keep on top of issues important to the company by reading articles."

Ken Johnson, SVP and CIO of PepsiAmericas, agrees but adds that it is also important to 1) talk in business terms with senior leadership 2) define governance structure and 3) earn trust through execution. The group, however, led by Leon Schumacher, CIO of ArcelorMittal FCA, and Joe Norton, ex-CTO of McDonalds, warned that execution can never be perfect, so pre-establishing acceptable service levels is key. A focus on execution, along with expectation management, allows IT professionals to move beyond tactical issues to work on strategic initiatives.

Harry Kraemer also offers this advice, "Some functional people have an inferiority complex when dealing with General Managers. [They should realize] all General Managers started out as a functional specialists."

Leadership During Tough Economic Times

During the second day of the dialog, the group's focus turned to the timely topic of IT leadership in a challenging economic environment. The group was quick to dismiss the belief that tough economic times are all bad. Ellen Barry remarked, "From a staffing perspective, tough economic conditions make the IT staff humble, they respect having a job." Barry continues, "companies look to maximize the capabilities they have" verses good times, when "companies don't have time to maximize the use of IT." Mark Griesbaum echoed this, "In downturns, people are looking for answers, IT can provide these." In contrast, two of the group members were employees of a firm enjoying extraordinary success, and described an overall lack of rigor as one of the challenges associated with good times.

What is the role of the IT leader during tough economic conditions? Ellen Barry noted that an IT Leader should use a downturn for an impetus to change. Mark Griesbaum thought the focus should be first and foremost strategic, but complemented by an effort to provide quick wins. Tim Zoph added that "All strategic initiatives should have very specific long-range targets; the IT department is not exempt. Set targets for the department; IT can be renewable." Another common theme that arose from the discussion was the need for IT leaders to take a long term perspective. This impacted group member's projects in several ways 1) overbuilding capacity 2) being a standard "czar" and 3) a focus on infrastructure.

This CIO dialogue is consistent with Professor Jeffery's research at the Kellogg School of Management: "With technology, the build out is often after the bust". IT's importance and ability to flourish in tough economic conditions might be best illustrated by the three "Profiles in IT Leadership" included in this white paper, each had its beginnings in the harsh economic conditions that followed the bursting of the dot com bubble.

Profile in IT Leadership #3

Mark Griesbaum, CIO of the Cardean Learning Group

The Goal

Enable an online education company to grow rapidly by quickly integrating acquired schools.

The Challenge

To gain the cooperation needed from many acquisition targets in a short period of time in order to accomplish the goal.

The Strategy

- Make sure senior leadership gets the importance of IT by clearly connecting IT to the strategic vision

- Significantly over-build infrastructure

- Enforce common platform

- Demonstrate performance to senior leadership by delivering reports in an unheard of timeframe

The Result

Successfully integrated 23 schools in a 90 day period. Ability to integrate faster than competitors creates a sustainable competitive

Summary

Becoming a leader is a very personal experience – our greatest potential for leadership will only be realized if we exploit our skills, manage our weaknesses, and stay connected with our deepest convictions. Self reflection is a powerful tool not only for beginning this journey, but also for keeping us on track. Out of self reflection the value of balance, self confidence, and humility becomes apparent. Together, these behaviors enable us to become true leaders.

Senior IT leaders' responsibilities go far beyond technology. In order to effectively build and lead a team capable of supporting the technology needs of an organization, it is critical that IT leaders constantly cultivate their own personal leadership potential, as well as the leadership potential of tomorrow's IT leaders. As a vehicle for knowledge sharing and professional development, the KTN seeks to help senior IT professionals to meet these demands and fulfill their highest potential.

Finally, if a technology leader wishes to make an impact in their company that goes beyond information technology, true confidence (not waiting for an invitation) along with the right perspective (company leaders 1st, technologist 2nd) is critical in achieving this objective.