

Inside The Mind Of The Transformational CIO

By
Gerry Davis
Senior Partner

ASIA PACIFIC THOUGHT LEADERSHIP SERIES

At leading regional and global corporations, turnaround experts of a different kind have started to take the technology helm as transformed business processes become a competitive advantage – and even a matter of survival. Such transformational chief technology officers are usually charged with leading cultural change to enable re-engineering of business processes across the enterprise. They typically have a strategic technology vision as well as a deep understanding of the various businesses within the business, and of the competitive landscape outside the business.

Frequently these transformational executives have been brought into a company that may have been blindsided by new technologies adopted by rivals. They may be seeking a competitive edge, entering new markets, or addressing technology problems.

Early harbingers of the transformation in information technology were enterprise resource planning (ERP) solutions, which were customised to mimic internal processes. Applications were adapted and a “sort of” solution achieved. But, inevitably, one size didn’t fit all, and so the need arose for leaders who not only understood technology, but who also understood the way the business functioned.

With the addition of leaders who possessed a deep understanding of the business and the competitive environment, true technological change became possible. But who are such transformational executives, how do they do it, and where can they be found?

A common theme is that they are a curious breed that has had experience either in different businesses entirely, or in different aspects of the same industry. In addition, successful transformers enjoy the confidence of their CEO and the support of their peers.

Westpac CIO Michael Coomer believes the qualities that make up a successful change leader are mostly innate and intuitive – but they can be bred within companies when CIOs have the ability to spot and nurture talent. At Westpac, for example, “there are people I’ve been mentoring over several years, and some are ready to step into the role now,” Coomer says.

“Many organisations have tried to manufacture such executives by teaching business skills to technologists or vice versa. But they have usually failed,” he says. “The ideal person is not a pure technologist or a pure business person. They are usually not stellar at business, so are not necessarily CEO material, but also not

necessarily CIO material in the old sense of being an IT person.”

CEO support is key, he adds. “You don’t want someone who has outsourced the problem without understanding the issues. It comes back to bite them. There have been examples in Australia of companies that have rushed to India with disastrous results, and others that have been there for some years and done well.”

He likes walking into a general manager’s office within the bank and having a dialogue about the business – “not necessarily about business outcomes” he says, adding, “if you can’t do it (bring about change) by listening to and influencing your peers, it’s going to be well-nigh impossible to transform the business.”

Coomer says he consults on IT strategy and transformation outside of Westpac through informal networks, advisory boards and committees, as well as by reading up to 80 emails a day on topics relating to the financial services industry.

He likes a “line of sight” view across the bank, as well as across competitors. He believes effective communication, integrity and resilience are vital. Perceptions of hidden agenda or politics must be avoided.

“Change is inevitable, but you have to communicate softly, without arrogance,” he says. “Yet there are times you need to dig your heels in and tell your managers you’re not going to blink on this one. You can’t falter at the first hurdle. If it was easy, we would have done it years ago!”

Danny Dale, Senior Vice President, Boston Consulting Group, lists several attributes of transformational CIOs:

- Credibility with the CEO. “They need to be joined at the head rather than the hip – of one mind,” says Dale.
- Superior communication skills.
- Ability to look right across the business and into the future. He adds: “They have to look at the enterprise, create a five-year horizon and then ask, “What innovations do we need to make now that in five years will be driving this business?””

Dale says the CIO is not a technology visionary in the dot-com sense, but rather is someone who delivers on a strategy.

National Australia Bank CIO Michelle Tredenick agrees. “I don’t like the word visionary,” she says. “You need someone who has a clear understanding of where the business is moving, and how technology can assist. But you also want someone who challenges the status quo.”

Tredenick, formerly the CIO of the MLC, says transformational CIOs need to learn to bounce back when they’re not immediately successful.

“You need resilience and discipline to keep painting the picture and enrolling people. I spend a lot of time talking to people, listening, and understanding where they want to head. It’s all about leveraging the people around you.”

She says transformational CIOs have an intense curiosity, widespread experience in a range of businesses, and an ability to live in the future.

“You’re always thinking and learning,” Tredenick says. “You need good insights as to what the competition is up to. You also need to follow the trends and realise what’s going to happen so you can harness technology to support your business.”

Coles Myer CIO Peter Mahler says he had given many speeches and consulted widely in his role.

“It’s all about relationships and alliances. You need to show you are listening, and not be arrogant. You simply have to take the politics out of it all and communicate and listen.”

The biggest issues are not related to technology, Mahler says, but rather are about changing enterprise processes.

Mahler agrees with Dale that the transformational CIO and the CEO need to be of one mind about the need for change and for winning and cultivating the support of the senior management team.

“My message to the board is, ‘If this fails, what will happen?’ And the answer usually is that I’ll go down, but they will also go down with me! So success is the only option. You always have to be selling senior management so they are behind it and take ownership of the change.”

In contrast to Coomer, Mahler says it can be difficult to breed transformational executives from within companies, unless they are given wider experience in different parts of the business. Even so, he says, “I’ve identified several possible successors here.”

Former Macquarie Bank CIO Ian Graham believes in changing the “human and manual processes” before trying to impose a new IT system that tries to change everything at once. He then uses everyday analogies to communicate and seeks honest feedback from the business.

“I ask the staff how they would feel if their train was late and they

had no information about why it was late,” he says.

To overcome a lack of candor during face-to-face interviews, he videotaped 15 managers answering questions about the performance of the IT department and was “astonished” at what was said on videotape as opposed to in person. “The IT staff had no real understanding of how much the business thought they weren’t delivering. It was quite vitriolic, but it was a turning point in the change process,” Graham says.

The challenge for executive recruiters such as Heidrick & Struggles is to make corporations aware of the strategic skills needed for technology leaders to be successful in transformational roles.

If a business knows that re-engineering its processes is critical to its transformation and is already the largest company in its industry, given the likely scarcity of executives with relevant industry knowledge and scale, there is a heightened urgency to breed transformational executives.

If a company is one of many that is morphing or adopting the characteristics of another industry – such as telecommunications and entertainment or banking and consumer – it may well need to broaden its range and look for external candidates.

Cultural fit is emerging as a key factor. If the transformational executive does not have similar values as the company that needs to change, the transformational executive’s efforts won’t resonate.

As some of the executives quoted above indicate, it is possible that skills can be developed internally if time allows. Quite often, however, businesses do not have strong internal candidates. As a result they must search widely and rigorously for external candidates who are a close cultural fit and who possess the required skills and competencies.

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Gerry Davis is a Senior Partner and leads Heidrick & Struggles’ CIO and Business and Professional Services Practice in Asia Pacific.

Based in the firm’s Sydney office, his clients include both large multinational corporations and start-up businesses. He can be reached at [gdavis@heidrick.com](mailto:gDavis@heidrick.com) or (612) 8205 2012.