



What makes a CIO 'exceptional'?

The April 2017 McKinsey Quarterly featured an article entitled "What makes a CEO 'exceptional'?" Therein the authors lay out the early moves of exceptional CEO's. We contend that these are the same early moves of exceptional CIO's; but why not all CIO's?

The article studied 600 CEO's at S&P 500 companies between 2004 and 2014 and focused on the top 5% whose returns to shareholders increased by more than 500% in their tenure.

Modify Culture – Exceptional CEO's are twice as likely to have been hired from outside the company because they tend to 'pull more strategic levers' than those from the inside. They are better able to attack and change the internal culture. A good example is the dramatic changes Lou Gerstner made in turning around the IBM internal culture when he was brought in from the outside.

C-level executives promoted from within need to 'cultivate an outsider's point of view to challenge the company's culture with greater objectivity to overcome the organizational inertia.' This is very difficult for the insider because it is hard, if not impossible, to attack the very culture that got you to where you are. Plus, the insider always has baggage that is often used to constrain change.

Strategic Actions – Outsiders tend to 'pull more strategic levers' than those from the inside. 'Exceptional CEO's are 60% more likely to conduct a Strategic Review' early in their tenure. 'This elite group was bolder than other CEO's in the average number of strategic moves made in the first year. Similarly, exceptional CIO's quickly undertake strategic reviews. The reasons we frequently hear for why new CIO's defer strategic reviews include:

- "I can't ask the CEO for the funds"
- "We are totally consumed with operational issues"
- "That's what I was hired to do"

In summary, the newly-minted CIO should commission a strategic review shortly after taking office. Delay means continuing the "status quo," with only marginal changes, resulting in little or no transformation of the environment. Moreover, the insider faces steep challenges in adopting an outsider's perspective to change the culture, most likely requiring outside help.

Please let us know if you would like to learn more about Strategic Reviews. You can contact me, Dennis Conley on (301) 349-3830 or email me @ Dennis.Conley@TPCo.us